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THURSDAY, AUGUST 26, 1943

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Fred C. Reed Is Elected President by Oregon Agents

All Objectives for Year
Achieved, Reports at
Meeting in Portland Show

PORTLAND, ORE.—Fred C. Reed of the Harvey Wells-Reed agency, Portland, was elected president of the Oregon Association of Insurance Agents at its annual meeting here. Verne J. Robinson of the Daniels-Robinson agency, Medford, was named chairman of the executive committee and George W. Haerle, Charles W. Sexton Company, Portland, reelected state national director.

Leslie Wadsworth of Salem, outgoing president, had been hospitalized for observation and in his absence Mr. Reed as executive committee chairman conducted the meetings. The executive committee held a pre-convention meeting with a full attendance except for Mr. Wadsworth. Chairman Reed reviewed the accomplishments of the association during the year and commented that all four major endeavors on which resolutions were adopted at last year's meeting had been carried to completion. These were: (1) Adoption of an automobile assigned risks plan; (2) adoption of an agent qualification law; (3) amendment and improvement in automobile financial responsibility law, and (4) amendment of surplus line law.

Boost Automobile Volume

Mr. Reed pointed out that the association had raised a fund of \$8,309 to advertise the advent of the new financial responsibility law immediately prior to its effective date June 8 and that advertisements placed in 26 daily newspapers throughout the state had been largely responsible for heavy increases in automobile volume, especially in cities and towns outside Portland.

Executive Secretary Stadel reported that the membership of the association had grown during the year from 170 to 214 and that the association had assets of more than \$3,000 on hand after spending some \$5,800 during the year.

Through the influence of the state association, local groups have been formed at Astoria, Eugene, Baker, Medford, Portland, Klamath Falls, and Salem, and are in process of formation at Corvallis and Marshfield.

The nominating committee included Harry Hollister, Portland, chairman; Merrill Ohling, Salem; Horton C. Pownall, Portland; Cole Holmes, Medford, and Philo Anderson, Baker.

Resolutions Adopted

Resolutions presented by the resolutions committee composed of Ward H. Coble, Bend; Fred C. Jewett, Portland, and Verne J. Robinson, Medford, included one urging suppression at meetings of matters of controversy between stock and mutual insurers, to relieve from embarrassment any association members representing both types of carriers. Another pledged to the National Association of Agents the fullest support of the Oregon group in the public relations program now under way.

A committee to formulate revisions in the state association constitution was made up of G. W. Haerle, Portland; A. S. Frohman, Portland, and Sprague H.

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Ownership of Expirations Eyed

Legal Speaker Analyzes
Standard Agency
Contract of 1937

Ownership of expirations is a subject upon which the insurance company and agent can enter into a binding contract and the provisions of such contract are binding upon both company and agent. The courts can only enforce the contract into which the parties have voluntarily entered.

That conclusion was reached by C. G. Myers of the law firm of Myers & Snerly of Chicago in addressing the fire insurance law round table of the insurance section of the American Bar Association in Chicago this week.

Mr. Myers pointed out that beginning in 1937 a standard uniform agency contract was agreed upon and used between fire insurance companies and their different agents. This provides, among other things, in the event of termination of the agreement, the agent having promptly accounted for and paid over premiums for which he may be liable, the agent's records, use and control of expirations shall remain the property of the agent and be left in his undisputed possession; otherwise the records, use and control of expirations shall be vested in the company.

Only One Adjudicated Case

Since the adoption of this uniform agency contract there has been only one adjudicated case passing on the rights of the parties to the ownership of expirations. That is the case of Kerr & Elliott vs. Green Mountain Mutual Fire, 111 Vt. 502, 18 Atl. (2d) 164.

Kerr & Elliott, which had represented Green Mountain Mutual for 10 years brought an action for damages alleged to have been caused after the agency had been terminated. The agency alleged that Green Mountain had interfered with the agency's exclusive rights to expirations.

Balances Had Been Paid

At the time the contract was terminated the agency had paid in full all balances for premiums to the company. The contract was cancelled because of disputes and misunderstandings with reference to adjustment of losses and the action of Green Mountain in reducing its liability on different risks.

The court, affirming judgment for damages for the agency, held that the question to whom expirations belong is not controlled either by custom or by the application of the law of agency, generally or special. On the contrary the court held that the answer was found in the contract itself.

Under the present system of operations, Mr. Myers concluded, by the terms of the uniform standard agency contract, it appears that if at the time of the termination of the agency the company's balances are paid, the expirations are the sole and exclusive property of the agent. By the same token if at the time of the termination of the agency the balances are not paid the balances are the property of the company. This must necessarily be true to the extent that the agency's indebtedness to the company is fully paid.

In referring to a number of cases, Mr. Myers cited these cardinal "principles of law."

Premiums due on policies are the property of the company writing the policy.

If the agent did not collect the premium he is not entitled to commission. If the agent has paid older balances with the money collected on policies

Insurance Fathers Are Unsettled

Many Are Still Undecided
on What Move to
Make

A number of pre-Pearl Harbor insurance fathers have taken employment in war industries during the past week. Several of them report that they were welcomed with open arms by the personnel department of war plants and were urged to bring their friends along. Some of these men, particularly in the agency end, have made arrangements to spend a few hours each day at their insurance offices. Several are taking training courses at the plant before actually going on the production line.

Just how much of a draft deferment these men will gain remains to be seen. The War Manpower Commission put out a release consisting of questions and answers based on the changes in the selective service rules. It is stated that the most recent plan is intended to hold essential workers on war-useful jobs if that is where they are employed now, to assure the transfer of workers to jobs aiding in the war effort and to supply men needed for the armed forces without cutting war production.

Pertinent Question

One question in the WMC release that touches upon the situation of insurance men is:

"What is the status of registrants whose activities and occupations are not included on the list of essential activities and occupations nor on the list of non-deferrable activities and occupations?"

The answer is that the inclusion of a registrant's employment on the list of essential activities and occupations or its omission from that list and also from the list of non-deferrable activities and occupations does not conclusively determine his occupational status. The question to be determined by his local board, in consultation with the U. S. employment service and other national, state

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later written the agency acquires no interest thereby on such older balances. These accounts receivable still remain the property of the company.

If an agency collects money due as premiums on policies written in the performance of its duty the moneys so collected are the property of the insurance company less the agency's commission.

The insurance company's claim is a preferred claim because moneys on deposit are funds collected as premiums on its policies.

Congoleum Loss \$1.5 Million

NEW YORK—Loss caused by the explosion Aug. 19 in the Congoleum-Nairn plant at Kearny, N. J., is estimated at \$1,500,000. The fire and extended coverage was carried entirely in Factory Insurance Association. Twelve employees lost their lives. There was no loss of life outside the plant and because the explosion occurred in a building surrounded by other plant buildings there was little damage to property adjacent to the plant except for a few broken store windows.

What set off the explosion has not yet been determined but apparently the ventilating system failed to keep the volatile vapors from lacquer solvents be-

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WPB to Assure Fire Protection for Vital Plants

To Release Extinguishing
Equipment on Basis of
Importance to War

WASHINGTON—The War Production Board has established a system aimed at providing fire protection equipment for the nation's most important plants and resources according to the degree of their importance to the war effort.

Under the WPB fire protection policy, which is limited to fire extinguishing equipment, protection will be provided only those resources assigned A ratings by the Resources Protection Board. Other resources will be provided fire protection only when specifically approved by that board.

This, it was explained, should not be interpreted as denying equipment to any plant that can prove its urgency, but urgency must be established before the use of critical resources can be justified. This is necessary to insure the best possible use of the limited quantity of materials and equipment which can be spared for this purpose.

Creates Fire Protection Group

At the same time, WPB announced the creation of a fire protection committee to which all applications for fire extinguishing equipment involving construction will be directed. This committee will be headed by Harlow Lewis, chief of the materials control branch of the project division, who, with the advice of the other members of the committee, will determine what constitutes reasonable fire protection. In making these decisions, the committee will take into consideration the nature of construction, the occupancy, and exposure of the facility.

Other members of the fire protection committee will include representatives of the safety and technical equipment division, the resources protection board, the fire prevention section of the internal security division, office of provost marshal general, War Department, and the fire prevention section of the bureau of yards and docks of the Navy Department. The staff necessary to service the committee will be provided by the project division.

Work Will Be Divided

Only applications for equipment involving construction, such as sprinkler systems, hydrant and hose systems, and stand pipe systems, will be directed to the fire protection committee. All other priority applications for fire extinguishing equipment will be processed by the safety and technical equipment division.

The resources protection board has delegated authority to the fire protection committee to approve the installation of fire extinguishing equipment involving construction in facilities other than those rated "A" by the board, as well as the authority for concurrence in granting or denying priority assistance for the equipment. Similarly, authority was delegated to the safety and technical equipment division for approval of applications not involving construction.

In general, the fire protection policy (CONTINUED ON PAGE 11)

F. C. & S. Clause and the War

H. T. Chester of Chubb & Son Traces Developments in Paper for Lawyers Group

In a paper presented at the round table on marine insurance law during the meeting in Chicago of the Insurance Section of the American Bar Association H. T. Chester of Chubb & Son gave a clear and concise statement of the wartime problems surrounding the Free of Capture & Seizure Clause, with particular reference to the Coxwold case. In his absence the paper was read by John C. Crawley of New York.

I have chosen for my subject the "Free of Capture & Marine Clause" which has been in marine insurance policies for a great many years, and has been the source of a great deal of litigation and many decisions in the American and English courts. For the purpose of ready reference, the clause appearing in the English marine insurance policies until recent months read as follows:

"Warranted free of capture, seizure, arrest, restraint or detention, and the consequences thereof or of any attempt thereat; also from the consequences of hostilities or warlike operations, whether there be a declaration of war or not, civil war, revolution, rebellion, insurrection or civil strife arising therefrom, or piracy."

I have quoted the English clause because the most recent litigation has occurred in England, and although there is some slight differences in the American clause the difference does not affect the subject of this discussion.

In time of war it is the practice to assume under a war risk policy substantially the risks excluded by free of capture & seizure clause in the marine policy. Questions, therefore, arose as to whether certain types of loss were recoverable under the marine or war risk policies.

Law Was Well Settled

For many years before the first world war the law was very well settled, both here and in England, that all forms of collision between vessels, except collisions in which war vessels were involved, were to be considered marine risks and were not excluded by the F. C. & S. clause, notwithstanding that they occurred between vessels in convoy, or due to running without lights as a result of navigating during wartime conditions. The American law in this type of case, up to the present time remains unchanged, one of the leading cases decided by the Supreme Court as a marine loss being that of the Napoli, which was sunk in convoy in the Mediterranean during the last war through collision with the Lamington (reported under style Queen Insurance Company vs. Globe & Rutgers Fire affirmed 263 U. S. 456) a vessel in another convoy proceeding in the opposite direction, while both vessels were navigating without lights and being navigated under direction of naval officers.

LEADING CASE CITED

The law was equally clear that losses due to stranding occasioned by removal of lights, buoys or other aids to navigation were not excluded by the F. C. & S. clause in the marine policy. The leading case of this kind was that of Ionides vs. Universal Marine Insurance Company (14 CB (N.S.) 259) decided in England. During the Civil War the beacon light maintained at Cape Hatteras had been extinguished by the Confederate Troops for hostile purposes, and the SS. Linwood, owned by Ionides, laden with a cargo of coffee from Brazil ran ashore at Hatteras Inlet, where she became a total loss. The de-

fendant underwriter contended that the loss was a consequence of hostilities rather than from perils of the seas. The court decided that the proximate cause of the loss was the stranding, and not the absence of lights and it was therefore plainly a loss by perils of the seas and not excluded by the F. C. & S. clause in the marine policy.

Cases in Last War

There were a number of cases decided in England of collisions involving merchant vessels occurring during the first world war in which the courts gave consideration to the part of the F. C. & S. clause which excludes "The consequences of hostilities and warlike operations."

The House of Lords decided in the case of the s/s Geelong in collision with the s/s Bonvilston (Peninsular & Oriental Branch Service vs. The Commonwealth Shipping Representative (1923) A.C. 191) while both vessels were proceeding at full speed without lights, without negligence on the part of either vessels, that the loss was due to war risk, as while carrying ambulances and other government stores from one war base to another, the Bonvilston was engaged in a warlike operation.

The Warilda, requisitioned by the British government, carrying wounded soldiers as a hospital ship, negligently ran into the Pétigaudet, a merchant ship; this was held to be a war loss. Reported as Attorney General vs. Adelaide Steamship Company (1923) A.C. 292.

PRESENT WAR CASES

We now pass on to litigation growing out of cases in the present war. By far the most prominent case is that of the Coxwold, the facts being briefly as follows. This vessel in convoy on a voyage to Narvik with a cargo of petrol, during a heavy rain squall ran ashore on the westerly side of the Isle

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Procedure Forum on Federal Rules at Lawyers Meeting

At the practice and procedure round table of the insurance section of the American Bar Association in Chicago this week, Samuel Levin, Chicago attorney, gave a thorough study of federal rule 43, on the admissibility of evidence, reviewing opinions of leading scholars for and against this rule.

The rule, Mr. Levin explained, briefly provides that evidence is admissible if it might be admitted either under previous federal law or equity rules or under the rules of the state in which the action is tried. The same principle applies to the competency of a witness to testify.

Reasons for Liberalization

Mr. Levin quoted a number of authorities to the effect that the purpose of this rule is to remove technical barriers to hearing evidence, but not to let the bars down completely, in order to protect parties against purely prejudicial evidence. Although one authority has severely criticized the rule as confusing and leaving attorneys in the dark as to what may be admitted, Mr. Levin pointed out that decisions on this rule show it has worked no hardship and has been well handled by the courts.

W. E. Benoy, Columbus, chairman of the practice and procedure committee, presided. Other participants were G. J. Cooper, Detroit, who discussed third party practice; John Martin, Philadelphia, summary judgments, and J. A. Gooch, Ft. Worth, depositions.

Springfield Shifts Berget

H. D. Berget, special agent in Minnesota of Springfield F. & M., has been transferred to Detroit where he will assist Secretary Stuart Manson, headquarters being at 956 Penobscot Bldg. Mr. Berget succeeds C. R. Morrison, Jr., who has gone with the Detroit office of Johnson & Higgins. Springfield is not appointing a successor to Mr. Berget in Minnesota. His work is being divided between State Agent E. C. Bowe and Special Agent Clinton Garrett.

Spain New Head of Bar Association Insurance Section

Large Turnout Studies Air Transport and Future of State Supervision

Frank E. Spain of Birmingham was elected chairman of the insurance section of the American Bar Association at the close of the annual meeting in Chicago this week. He succeeds Chase



Chase Smith



Henry S. Moser

M. Smith, Chicago, vice-president of National Retailers Mutual, who conducted one of the most successful and best attended meetings in the history of the law group.

Henry S. Moser, prominent Chicago attorney and counsel for the Allstate companies, and J. H. Schisler, Baltimore, assistant general counsel Fidelity & Deposit, were elected vice-chairmen. J. F. Handy, Springfield, Massachusetts Mutual Life, was reelected secretary and O. H. Miller, Des Moines, and R. H. Kastner, Chicago, associate general counsel American Life Convention, were elected to the governing council.

Aviation Issues Prominent

The meeting, which last year few believed would be held, attracted a large crowd and was marked by high interest in the group discussions. As was the case with the International Association of Insurance Counsel late in June, the insurance attorneys ranked the air transport industry high on their list of future problems and the round table of the air insurance law committee was of paramount interest. Another large crowd turned out for the final session, at which Congressman Jennings Randolph discussed the same subject and Commissioner J. B. Gontrom of Maryland spoke on federal versus state supervision of insurance.

The insurance section, which is now the largest group in the American Bar Association, has no formal registration, but the attendance obviously exceeded past meetings and the ball room of the Medinah Club was jammed for the banquet, which offered a floor show and no speakers. It was preceded by a reception provided by Chicago insurance companies.

Jones Welcomes Group

Insurance Director Paul F. Jones of Illinois, a member of the organization, was the opening speaker, pointing out that attorneys are the only group in the United States in private business who are required to take oath to support the federal constitution. He said that the prime task of attorneys now is to prepare for orderly demobilization of emergency powers once the war is won. He also called insurance the greatest example of successful free enterprise under all conditions, however adverse. Half our population carries life insurance and every man, woman and

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THIS WEEK IN INSURANCE

Fred C. Reed of Portland elected president of Oregon Association of Insurance Agents at annual meeting. Page 1

H. T. Chester of Chubb & Son, in addressing bar association group, gives statement of the developments in connection with the free of capture and seizure clause during the war. Page 2

Congressman Hubert S. Ellis of Huntington, W. Va., former secretary of West Virginia Association of Insurance Agents, spoke before that organization's annual meeting on "Insurance As Viewed from Washington." Page 3

Review of fire insurance decisions during the past year is presented to insurance section of American Bar Association by T. M. Galphin of Louisville. Page 4

Fire insurance aggregates for 1942 are presented in considerable detail by the New York department. Page 3

Complete program is announced for the annual meeting of the Minnesota Association of Insurance Agents. Page 4

American Foreign Insurance Association marks 25th anniversary. Page 8

Adjustment of Texas storm losses will require many months. Page 6

Friendly spirit toward aviation insurance markets is displayed by Webb Shadle, general counsel of the Civil Aeronautics Board, in addressing meeting of Insurance Section of American Bar Association in Chicago. Page 21

The question of whether various statutory bonds and automobile policies required of motor carriers permit direct right of action against the insurer in the first instance is discussed by Henry M. Shughart of Kansas City in addressing the bar association meeting. Page 23

Estate which owns share in a business presents many pitfalls for fiduciary and his surety, A. C. Holmes of U. S. F. & G. warns. Page 22

Frank E. Spain of Birmingham heads insurance section of American Bar Association. Page 2

Questions pertaining to automobile guest laws arising out of war time share the ride plans are discussed by American Bar Association speaker. Page 23

Harold R. Gordon reviews wartime trends in accident and health insurance at meeting of insurance section of American Bar Association. Page 23

Inconsistency in the Oregon automobile assigned risks plan has been adjusted. Page 28

W. J. P. Aberg in address at Bar Association meeting expresses belief that financial responsibility laws have not lived up to expectations. Page 28

Farm Bureau Insurers of Columbus, O., acquire control of Eureka-Maryland, the life insurance company of Baltimore. Page 26

Surety committee of insurance section of American Bar Association in Chicago report assails the McCarran bill to create a federal bonding fund. Page 30

Discussion is presented at Bar Association meeting of the effects on the rights of surety where the government makes a claim for unpaid taxes of a contractor. Page 22

One-man medical care outfit operator jailed in New York. Page 26

E. Smythe Gambrell, in bar association talk, exhorts insurance executives to deal with aviation insurance in an imaginative and progressive spirit. Page 18

Program announced for annual meeting of International Claim Association. Page 24

Rewriting of boiler and machinery risks is launched on wholesale scale in New York following the action of Hartford Steam Boiler and the bureau companies in filing separate manuals. Page 21

Congressman Tells of Some Activities in Washington

Ex-Secretary of West Va. Association of Insurance Agents Speaks at Meeting

Hubert S. Ellis of Huntington, W. Va., former local agent and former secretary of West Virginia Association of Insurance Agents, is now a member of Congress. He spoke at the West Virginia agency meeting on "Insurance As Viewed from Washington." He declared that the trend of the administration in regard to business is definitely socialistic. He said that while the government has not actually invaded insurance to any great extent it has other activities.

In regard to the Federal Crop Insurance Corporation, he said the government operated this for five years, insuring wheat for less than 10% of the farmers and cotton with less than 1% of the farmers but it has cost the government \$47,000,000. Congress has been able to cut down the appropriation. The federal branch is operating the bureau under warranty by previous congresses. He said that if it had not been for the excessive war spending the present Congress would be an economy one.

Comments on Wagner Bill

Congressman Ellis referred to the Wagner bill, the cradle-to-the-grave proposition. He said it is a very comprehensive social security program. Tax on payroll will be 6 or 7%. Today the social security tax is limited to 3% on the employer and same on the employees. Credit for the plan he said goes to a Mrs. Burns. An uncle of the President was head of the commission. Mrs. Burns brought the plan from London. Mr. Ellis said that he got hold of a copy of the report and it was an enormous job of printing.

He added that a number of people who have come over from Europe during the last three years are holding policy making jobs at Washington. This Englishwoman, he said, gets a salary of \$8,000 a year. Then there is a Mr. Galbraith, a Canadian, age 31, who is used in policymaking. The speaker said that these bureaucrats and their schemers are doing everything to harass business. They want to cut out newspaper and magazine advertising, they have been shooting at the newspapers all through the administration. They are cutting down newsprint. He said that if they can get to the point where the newspapers cannot carry advertising they will have to be subsidized by the government and thus become practically government controlled publications.

Rural Electrification Plan

He referred to the National Rural Electrification Association operated by a man named Ellis, a lame duck congressman from Arkansas. He said that when a man is liquidated by his own constituents it qualifies him for a place in Washington and he takes a part in the administration. Mr. Ellis desired to establish some mutuals costing \$500,000 to insure not only the property on co-operatives but also the persons served. This matter is before Congress now. In the meantime he has made a contract with some small Wisconsin mutuals, he explained. He has issued a bulletin showing the advantages of mutual insurance. The bulletin was sent out to a million farmers.

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N. Y. Department Gives '42 Fire Company Aggregates

The New York department this week released its annual study of fire insurance experience in which is given a close breakdown of ratios related to premiums earned in which is given minute breakdown of experience. These figures pertain to straight fire insurance only, omitting the allied lines. Ratios are on the bases of net losses and expenses incurred to net earned premiums. Underwriting results are given before federal income taxes.

STOCK COMPANIES

(Underwriting Ratios)

(Incurred Expense Analysis)

	Premiums Earned	Loss	Expense (exc. Fed. inc. tax)	Net Gain (exc. Fed. inc. tax)	Fed. Inc. Tax	Claim Ad- justments	Com- mis- sions	Field Super- vision	Ad- minis- tration	Inspection & Bureau	Taxes & Fees
Aetna	\$ 13,612,091	44.2	50.5	5.3	.4	1.1	26.5	4.2	12.9	2.3	3.5
Agricultural	4,136,940	42.2	54.5	3.3	..	2.6	24.2	8.2	10.7	4.3	4.5
Albany	424,794	41.5	53.4	5.1	1.1	2.5	23.9	5.2	14.4	3.1	4.3
Allemania	1,177,304	47.4	56.6	-4.0	-2.2	2.1	33.2	3.4	10.9	2.8	4.2
Alliance	1,643,925	44.6	44.7	10.7	.7	1.1	26.9	3.5	9.4	2.1	1.7
Allied Fire	149,448	41.9	47.3	10.8	1.4	2.2	12.9	6.3	18.6	2.5	4.8
American, N. J.	10,480,199	41.4	47.1	11.5	.4	2.2	27.4	3.1	8.1	3.1	3.2
Amer. Alliance	1,552,275	42.4	53.8	3.8	1.2	2.6	29.6	4.9	10.0	2.3	4.4
Am. Central	1,627,090	39.5	56.3	4.2	..	2.6	25.1	5.8	14.6	3.6	4.6
Am. Druggists	401,701	49.4	34.5	16.1	6.6	1.1	2.5	5.7	16.1	2.1	7.0
Am. Eagle	2,153,442	44.7	48.5	6.8	..	1.6	30.0	2.7	7.7	2.7	3.8
Am. Equit.	3,596,552	45.9	57.8	-3.7	..	2.4	37.5	3.1	9.1	3.1	3.6
Am. Fire, Tex.	48,816	49.5	45.8	4.7	..	3.6	27.9	2.4	5.0	1.6	5.3
Am. & Foreign	731,086	45.7	53.8	.5	-2	4.2	28.3	5.0	8.9	3.4	4.0
Am. Home	555,217	47.7	53.5	-1.2	-2	2.4	30.4	3.9	9.2	2.3	5.3
Am. Union	256,752	42.4	49.7	7.9	6.8	5.5	10.3	4.0	12.9	6.5	10.5
Anchor	343,329	42.5	44.4	13.1	2.6	1.5	31.0	1.5	4.1	1.9	4.4
Associated F. & M.	65,672	53.6	101.4	-55.0	..	3.4	47.2	15.3	17.5	5.9	12.1
Atlas	2,273,929	40.6	50.7	8.7	-3	2.0	23.0	4.8	13.9	3.0	4.0
Automobile	5,305,789	39.6	53.6	6.8	.9	2.3	21.6	10.8	11.9	3.1	3.9
Balt. Am.	1,350,711	47.2	44.6	8.2	1.4	2.3	29.7	4.0	6.6	1.4	.6
Bank & Ship.	1,690,162	40.9	56.0	3.1	.9	2.3	34.4	1.6	10.8	2.4	4.5
Birmingham, Ala.	485,233	50.0	62.6	-12.6	..	1.7	45.5	1.8	7.7	1.6	4.3
Birmingham, Pa.	132,345	37.1	62.5	.4	-8	1.5	39.6	2.6	12.6	-5.0	11.2
Boston	3,141,308	41.1	52.8	6.1	..	1.6	26.4	5.5	11.2	4.0	4.1
Brit. Am.	478,065	50.4	43.5	6.1	3.8	1.8	27.7	2.3	7.4	2.3	2.0
Brit. & For. Mar.	600,238	46.9	28.1	25.0	-2	3.0	16.6	1.2	4.3	.9	2.1
Brit. Gen.	271,343	40.2	55.5	4.3	..	2.6	25.2	5.9	14.2	3.4	4.2
Buffalo	1,685,784	40.1	54.9	5.0	..	2.7	31.5	3.0	10.4	2.8	4.5
Cal. Am.	284,788	42.0	78.2	-20.2	.2	3.0	44.7	3.6	14.3	4.1	8.5
Caledonian	1,136,305	44.6	59.9	-4.5	.1	3.8	39.7	1.6	6.1	3.6	5.1
California	1,016,782	40.1	55.6	4.3	..	2.6	25.0	5.8	14.5	3.6	4.1
Camden	3,799,603	44.1	52.3	3.6	1.6	1.5	28.5	4.1	10.5	3.4	4.3
Capital	243,695	45.1	53.0	1.9	..	3.7	28.2	5.0	8.5	3.4	4.2
Carolina	561,240	58.3	52.1	-10.4	..	3.7	28.2	5.0	8.5	3.4	4.2
Centennial	78,060	55.6	154.7	-110.3	..	2.2	154.0	..	..	..	..
Central	821,820	44.6	52.3	3.1	.6	2.2	27.2	4.7	11.6	2.8	3.8
Central Union	105,278	46.7	53.1	.2	1.2	6.3	7.5	4.1	15.6	7.1	12.6
Century	899,659	50.7	57.5	-8.2	..	2.3	37.5	2.8	9.5	1.9	3.5
Charter Oak	458,876	37.2	37.4	25.4	12.0	..	37.4	..	..	..	..
Church Prop.	47,406	43.8	17.2	39.0	2.7	.9	-88.4	14.7	71.2	6.4	13.4
Citizens	280,109	54.7	40.1	5.2	1.5	1.8	30.2	2.0	3.6	1.3	1.2
City of N. Y.	1,243,334	57.4	52.2	-9.6	..	2.7	34.6	3.2	8.9	1.9	.9
Colonial	162,604	41.2	39.9	18.9	1.4	1.5	34.1	..	2.9	..	1.3
Columbia, O.	436,735	41.2	51.2	7.6	3.1	2.3	28.2	4.1	10.2	2.6	3.8
Columbia, N. Y.	573,323	41.4	55.4	3.2	.7	2.6	26.9	4.7	13.1	3.0	5.1
Commerce	1,148,792	46.6	55.2	-1.8	..	1.6	31.9	4.0	7.7	5.4	4.6
Commercial Union	2,937,062	40.4	50.1	9.5	..	2.6	24.5	5.8	10.9	2.9	3.4
Com'l Union, N. Y.	634,047	38.9	55.1	6.0	..	2.5	25.0	6.8	14.3	3.6	3.9
Commonwealth	1,297,255	39.0	62.3	-1.3	-4	6.7	31.6	4.5	12.2	2.7	4.6
Concordia	1,117,742	40.3	53.5	6.2	.1	2.9	30.1	3.7	11.1	1.9	3.8
Connecticut	3,566,097	40.4	50.4	9.2	.5	1.9	27.1	6.0	9.5	2.4	3.5
Continental	14,498,760	40.5	43.7	15.8	1.9	1.7	24.4	3.1	8.6	2.7	3.2
County	382,246	43.2	53.8	3.0	1.6	2.3	30.0	4.2	10.2	1.9	5.2
Detroit F. & M.	692,147	42.9	52.5	4.6	2.3	2.4	28.8	4.5	10.3	2.1	4.4
Dixie	218,655	40.9	52.2	6.9	1.8	2.2	27.6	4.1	11.6	2.6	4.1
Dubuque F. & M.	1,621,995	40.8	55.7	3.5	..	2.0	32.6	4.4	9.9	2.6	4.2
Eagle	494,138	46.5	55.9	-2.4	..	2.3	29.0	6.3	11.3	2.9	4.1
Eagle Star	1,298,979	43.0	63.1	-6.1	..	2.7	32.7	4.7	14.3	4.0	4.7
East & West	593,493	52.5	68.6	-21.1	..	4.0	33.4	10.3	12.1	5.3	3.5
Emmeo	3,814	..	..	..	..	..	..	..	..	..	..
Empire State	904,060	43.5	52.3	4.2	..	2.1	25.6	6.7	10.5	3.4	4.0
Employers'	1,582,289	40.9	51.4	7.7	3.1	1.9	25.5	4.4	11.4	3.8	4.4
Equitable, S. C.	209,494	44.3	55.9	-2	..	1.7	16.3	2.9	24.7	2.7	7.6
Equitable F. & M.	713,219	40.4	49.6	10.0	.5	1.8	24.1	6.0	9.3	2.4	3.0
Equity	67,186	..	61.6	38.4	36.0	..	..	5.0	57.2	..	..
Eureka-Sec. F. & M.	2,123,203	40.9	53.3	5.8	..	3.1	26.3	3.4	13.7	2.2	4.6
Excelsior	302,700	35.6	53.4	11.0	9.3	1.1	22.9	6.1	18.1	2.1	3.1
Export	20,777	42.3	-257.9	315.6	111.5	1.1	-309.7	1.3	40.7	2.9	5.8
Farmers, Pa.	714,041	47.1	55.4	-2.5	1.3	2.2	34.0	4.2	7.4	4.4	3.2
Federal	524,699	50.4	55.1	-5.5	..	3.8	37.9	-1.2	6.1	1.3	7.2
Federal Union	609,239	45.2	53.5	1.3	1.2	3.7	28.3	5.0	9.0	3.4	4.1
Fidelity & Guar.	2,296,991	41.4	54.5	4.1	3.0	2.4	28.2	5.8	9.7	2.5	5.9
Fidelity-Phoenix	10,703,474	43.3	44.5	12.2	.3	1.7	25.3	3.0	8.2	2.6	3.7
Fire Ass'n	5,707,549	44.0	52.8	3.2	.9	3.4	30.2	2.7	8.4	3.4	4.7
Fireman's Fund	8,790,184	42.5	53.2	4.3	..	2.4	27.6	4.4	10.9	3.9	4.0
Firemen's, N. J.	9,580,635	40.3	53.5	6.2	.1	2.9	30.0	2.7	11.2	1.9	3.8
Firemen's, D. C.	172,643	42.4	74.4	-16.8	.5	2.3	30.5	..	34.5	2.4	4.7
First American	566,048	42.9	56.1	1.0	.4	3.6	31.2	3.2	10.1	3.1	4.9
First National	422,602	37.9	55.1	7.0	.6	2.0	32.5	4.5	8.5	1.9	6.7
Franklin	4,167,668	48.4	49.9	1.7	.1	2.4	31.2	3.9	6.0	2.5	3.9
Franklin National	336,179	41.6	64.3	4.1	..	2.0	30.9	3.9	11.7	1.8	4.0
General	5,395,983	36.6	48.4	15.0	8.9	2.7	26.9	5.2	8.4	1.7	3.5
General Schuyler	87,250	47.1	59.1	-6.2	..	3.1	24.2	1.3	22.3	3.6	4.7
Georgia Home	746,903	56.9	49.2	-6.1	..	2.1	38.3	2.4	5.2	1.8	..
Gibraltar F. & M.	1,019,483	57.3	52.3	-9.6	..	2.1	38.8	3.7	5.2	1.7	.8
Girard F. & M.	1,116,785	40.3	53.4	6.3	.1	2.9	30.0	3.7	11.1	1.9	3.8
Glens Falls	4,642,692	41.7	52.6	5.7	..	1.5	26.9	5.7	10.2	4.7	3.6
Globe & Rep.	2,080,862	45.9	57.0	-2.9	..	2.4	36.7	3.1	9.1	2.1	2.6
Globe & Rut.	2,319,028	48.7	43.9	7.4	..	1.9	23.5	4.1	8.1	2.4	3.9
Granite State	1,185,587	40.6	56.4	3.0	.1	1.6	25.1	13.0	7.6	2.5	6.6
Great Am.	9,965,157	41.2	53.2	5.6	-1	2.8	26.3	5.9	11.5	2.6	4.1
Great Eastern	62,925	36.2	64.3	9.5	..	1.9	22.1	5.3	17.4	2.4	5.2
Halifax	99,782	129.8	145.4	-175.2	..	2.6	125.0	.3	3.4	1.3	12.8
Hamilton	182,604	58.9	69.5	-28.4	..	4.5	51.2	.1	9.4	1.1	3.2
Hanover	4,166,220	39.5	54.6	5.9	..	3.7	30.6	3.7	10.8	2.0	3.8
Hartford	24,186,856	38.8	51.7	9.5	2.3	3.3	25.7	5.2	10.0	3.0	4.5
Home F. & M.	1,940,690	42.5	53.2	4.3	..	2.4	27.5	4.5	10.9	3.9	4.0
Home	30,890,860	42.4	55.5	2.1	.5	2.3	26.8	6.7	11.9	3.2	4.6
Homeland	615,389	40.4	68.8	-9.2	-5.9	4.6	42.4	2.6	10.1	2.6	6.5
Homestead	923,049	57.9	50.0	-7.9	..	2.3	35.6	2.7	6.6	3.0	-1
Hudson	363,726	52.3	70.6	-22.9	..	2.0	60.5	..	4.4	..	3.7
Illinois	131,452	45.4	61.2	-6.6	..	2.3	45.0	5.0	5.0	2.6	1.1
Imperial	768,259	41.4	55.5	3.1	1.0	2.6	26.8	4.7	13.3	3.1	5.0
Ins. Co. of N. Am.	14,612,197	44.6	41.2	14.2	1.2	.8	26.6	3.0	9.0	1.7	.1

Galphin Reviews Year's Cases for Bar Committee

A complete review of fire insurance decisions during the past year, in the form of a supplement to the "Insurance Policy Annotations" of the insurance section of the American Bar Association, was presented to the fire insurance law committee at the annual meeting in Chicago. It was compiled and edited by Thomas Milledge Galphin, Louisville.

The review comprises 63 pages, with about 150 cases, most of them involving standard policies. They are arranged under the headings of the "Annotations," which follow the 1918 New York standard fire policy, but Mr. Galphin in his preface cautions readers that not all involve this contract and some are concerned with policies other than fire.

Declaratory Judgments

The table of cases is prefixed by a three-page review of matters of outstanding interest. Mr. Galphin points out that fire insurance companies are using declaratory judgment actions more freely, although casualty companies, under liability policies, are still making the major use of this remedy. An interesting use is where two or more insurers are involved, with the aggregate more than the amount required for federal court jurisdiction, though the amount of each carrier is less. The courts have held that the companies may join in a federal declaratory judgment action. If they fail to do this and await suit by the assured, the assured may bring separate suits in state courts, with no possibility of removal to a federal court and the likelihood of jury verdicts against the insurers, or even different outcomes under the same facts.

Mr. Galphin pointed out that often an insurance company misses a chance to use the declaratory judgment action by failing to retain an attorney until the assured has filed suit.

Loan Receipt Cases

Loan agreements are being used more extensively by insurers, as indicated by five cases involving these instruments during the past year. The courts have consistently held that a loan receipt is not a payment to the assured, so the company can bring a subrogation suit in the assured's name and be officially out of the case.

The New York court of appeals, with a strong dissenting opinion by Judge Conway, former insurance superintendent, held in *Fields vs. Western Millers Mutual Fire*, 48 N. E. (2d) 489, that an insurance company which had canceled a policy with mortgage clause as to the owner of the property and paid a loss to the mortgagee, could not proceed against the owner for reimbursement. There was no subrogation provision and the court indicated the situation would have been different if there had been such a provision or if the policy had been written solely for the mortgagee. Mr. Galphin predicted that this case, reported last June, will cause much comment.

Arson by Co-Owner

In *Hoyt vs. New Hampshire Fire*, 29 Atl. (2d) 121, three persons held an undivided interest in property and the company proved that one of them set a fire. The court held that the other common owners, being blameless, could recover to the extent of their interest.

On the other hand, in a Maryland case, *Chervaty vs. Grangers Mutual*, 28 Atl. (2d) 824, a husband and wife were tenants by entirety (substantially similar to joint tenancy in most states) and the husband alone carried other insurance in violation of the policy. The court held that insurance was void as to the wife's interest as well as to the husband's. Mr. Galphin suggested that the difference may be that in the first

case the interests were separate, though undivided, while in the latter the estate by entirety of husband wife constituted one interest.

Because of the present interest in conflicts created by the "floater" provisions of new household furniture forms, the case of *Davis Yarn, Inc., vs. Brooklyn Yarn Dye Co., Inc.*, 38 N. Y. Sup. (2d) 351, may be significant. Here the owner of property sent out for processing carried floater coverage which provided it should be excess over other available insurance. The processor carried insurance covering property of customers on his premises, but with a similar excess clause. The New York appellate division stated that it could not be seriously argued that both policies were excused from liability and held the policy carried by the processor on goods on the premises primarily liable.

There were several interesting cases involving government supervision of insurance. The Montana supreme court held that Monarch Fire's license could not be suspended merely because the company which owned and operated it had been suspended for illegal practices. The Kentucky insurance department was kept from enforcing promulgated rules that no agent's license could be issued to an employee of a finance company or building and loan association and that no corporation could be licensed as a resident agent if the majority of the stock were owned by non-residents.

Oil City, Pa. Agency Has Rounded Out 70 Years Specializing on Oil

Seventy years representation of the Travelers was rounded out Aug. 21, by the Barr Agency of Oil City, Pa. Founded in 1873, by W. R. Barr, who started with the company as an accident insurance salesman and gradually extended his activities into other lines, the agency has become well-known for its handling of insurance problems of the oil industry.

To a large extent this reputation has been due to J. W. Barr, who, after being graduated from Amherst, turned down

Status of New Policy in Various States Sketched

Use of the 1943 standard New York Fire policy is under active consideration in Maryland, Utah and Idaho. States which have already acted on the policy, in addition to New York are Mississippi, where the department designated it as "approved for use" from July 1 on, and Montana, where the department has taken similar action as of March 1, 1944, and indicated that the new policy may be used any time after Sept. 1, 1943.

It appears likely that Utah will take similar action to Montana as of the same dates. However, in Montana the National Board made a single filing for all its member companies whereas the Utah department has requested that the companies each file letters with the department confirming the National Board's authority before they begin using the new policy.

Indications are that Idaho will approve the policy for general use beginning April 1 and for use if desired from Sept. 15 on. Companies will not be asked to file separately if they are members of the National Board.

In Maryland, Commissioner Gontrum has stated that he has no authority as to the policy's use. Consequently the Baltimore Board has been working on forms with the idea that the policy will be introduced for general use about the first of the year.

the law in favor of insurance because the insurance business appeared more interesting. He has made a life-long study of Pennsylvania oil producing and refining in all its phases and has made himself an authority on all forms of insurance affecting the industry.

After W. R. Barr died in 1912, J. W. Barr assumed full control of the agency. For a few years he was assisted by his son Joseph W. Barr, Jr., who after his graduation from Amherst, entered the insurance business. Joseph, Jr., who is a graduate of the Travelers school, now is serving in the United States Navy.

The Insurance Women of Pueblo at a dinner meeting participated in a quiz program with war stamps as prizes.

Ill. Crops Beaten Down by Hail Storm



The hail storm which swept the area around Peoria, Ill., destroyed 20,000 acres of crops in its 20 minute sweep of Warren county. Corn in this field owned by Lawrence Griffie of Monmouth was seven feet tall before the storm struck.—Acme photo.

Minnesota Program for Annual Muster

Schedule of Events Announced for Convention at Minneapolis

The program for the annual meeting of the Minnesota Association of Insurance Agents to be held at the Hotel Nicollet, Minneapolis, Sept. 2-3, is announced. The schedule is as follows:

Wednesday, Sept. 1

6 p. m., Executive committee meeting, open to all members.

Thursday, Sept. 2

10 a. m., Committee Meetings: Finance, Lincoln E. Hatlestad; rural agents, Guy E. Rollen; fire and accident prevention, J. Vick Merrill; legislation, Armand W. Harris; education, Howard Williams; regional activities, George W. Odell; nominations, Arthur A. Hirman; resolutions, Jesse D. Bradley.

2 p. m., First Convention, President Richard A. Thompson, Minneapolis, presiding.

Presentation of colors, Color Guard, Women's Auxiliary Corps, United States Army.

National Anthem. Led by George A. Blomgren, Minneapolis, manager Minneapolis Underwriters Association.

Welcome, George A. Thompson, Minneapolis, president, Minneapolis Underwriters Association.

Panel Session

Association Progress

Report of the secretary-treasurer; report of the administration, President Thompson.

Discussion Leaders: Western Underwriters Conference, Public Relations, C. F. Liscomb, national director.

Regional Organization, George W. Odell, chairman.

Education Program, Howard Williams, chairman.

Legislation, Armand W. Harris, chairman.

Fire and Accident Prevention, J. Vick Merrill, chairman.

Membership Objectives, Eugene D. Billeadeau, chairman.

Company Relations, Leroy D. Engberg, chairman.

Methods of Financing, Lincoln E. Hatlestad, chairman.

6:30 p. m., Get-together dinner. Arranged by Minneapolis Underwriters Association.

Ray F. Sheehan, chairman; Geo. A. Thompson, president, Minneapolis Underwriters Association, presiding.

Introduction of Distinguished Guests. Recognition of Past presidents.

Address.

Entertainment.

Friday, Sept. 3

Address, Tried Methods in Trying Times, W. J. Traynor, publicity director North British & Mercantile.

Address, The Place of the Agent, P. L. Bachman, Minneapolis, insurance manager, General Mills, Inc.

12:30 P. M., Complimentary luncheon, Thomas G. Linnell, general agent, Minneapolis.

Address, The National Situation, W. Ray Thomas, Pittsburgh, executive committee National Association of Insurance Agents.

Afternoon Session

Main Ball Room, President Thompson presiding.

War damage report to date, Robt. L. Hanson, Minneapolis, vice-president and secretary, Minneapolis Fire & Marine.

Resolutions, Arthur A. Hirman, Rochester, chairman.

Nominations, Jesse D. Bradley, Duluth, chairman.

Election.

Installation of officers, W. Ray Thomas, Pittsburgh, executive committee, National Association of Insurance Agents.

Mr. Bachman's Talk

One of the big features of the meeting will be the address of Mr. Bachman of General Mills, which is one of the largest purchasers of insurance in the west. He is president of the Minneapolis Insurance Buyers Club. He

(CONTINUED ON NEXT PAGE)

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May Revise Figures on Texas Losses

Will Take Many Months Before Any Exact Amounts Are Known

NEW YORK—Many insurance men feel that the \$12,000,000 estimate of loss sustained in the Texas storm which swept Galveston and Houston July 27 is too high and that when all the claims are in, they will not total that amount.

Probably 60,000 claims will be filed, although only 20% of that number have been received to date. It will probably be six to 10 months before all the claims are received because many owners are in the service or live in different parts of the country and it will be months before they are advised of the damage to their property and can get in touch with their insurance companies. Where a reasonable excuse is given the carriers do not adhere strictly to the time limit for filing a claim.

There are some large losses which cannot be settled for many months, including one which involves 500,000 bales of cotton all of which have to be removed to determine the damage done to the ones on the bottom. The total loss cannot be determined at present but it is expected to run well over \$1,000,000.

Program of Minn. Agents' Convention Is Announced

(CONT' FROM PRECEDING PAGE)

appeared before the annual meeting of the National Fire Waste Council. The chairmen of committees of the Minneapolis Underwriters Association having charge of local arrangements are: C. A.

Olson, Marsh & MacLennan, arrangements and registration; Roy F. Miller, Central National Agency, reception and attendance; Ray F. Sheehan, Twin City Insurance Agency, banquet and entertainment; Miss Violet L. Schutta, women.

Cross Section of Half Year Results Is Shown

The A. M. Best Co. has arrived at some aggregates of the performance of fire and casualty companies during the first half of this year, based upon reports from 100 stock fire and casualty companies. It is stated that in the fire companies there was an increase in surplus funds as compared with June 30 of last year of one-third. In the casualty field the increase was one-quarter.

Premium volume is down in both fields. The decline in casualty business is attributable to automobile rate reductions and that in the fire field is due to the drop in ocean marine war risk writings. However the overall decrease has been moderate due to increasing workmen's compensation and general fire premiums.

The casualty loss ratio was at an all time low of 45.9 and expenses before taxes are one point below the 20 year average of 39.9. The incurred losses of fire companies are 49% and the straight fire losses are definitely higher. The fire expense ratio is 41.5.

New Iowa-Neb. General Agent

On account of the death of George G. Bohman, senior member of the George G. Bohman Company of Omaha, that office has decided to retire from the general agency business. Gulf expirations and agency plant of Gulf have been purchased by Criss T. Joern of Seward, Neb., operating as Joern General Insurance Agency, and Mr. Joern has been appointed general agent for Gulf covering Nebraska and Iowa.

Fire Prevention Week Ammunition Is Now Ready

Containing many helpful facts, articles and programs for Fire Prevention Week Oct. 3 to 9, this year's issue of the publication "Safeguarding America Against Fire" has been mailed out to a large list. The National Board provides this 16-page illustrated booklet for fire prevention workers everywhere.

The feature article, "Fire Prevention Helping Win War," by J. M. Thomas, president of the National Board, points out the increased danger of fire in a war economy and urges greater action to avert a rising loss trend like that from 1917 to 1925.

A graph comparing fire losses during world wars I and II illustrates the trend of fire losses. The chart shows the higher losses which came after world war I and suggests, following the current upward march of losses, the possibility that a similar higher cycle will occur after the present conflict, unless fire prevention is emphasized throughout the nation. Mats of the graph are available in 3-column newspaper size.

Blazing Oil Tanks

The cover illustrations of blazing oil tanks and gasoline refining equipment are described in an article which stresses the wartime need of conserving all petroleum.

This year's new fire prevention week poster appears in replica with its theme "Help Guard the Home Front Against Fires." The actual poster itself is in four colors and measures 19x23 inches.

Under the heading, "Airmail 'Convention' of Fire Prevention Specialists" there are suggested some of the many and varied activities planned by home defense leaders. There are articles on fire safety, a speaking guide for fire

prevention week, a "Home Town Gallery" (window display), mats for newspapers, stickers and a one-minute radio program.

Attention is called to the National Board's new leaflet, "42 Ways to Prevent Fires," a compact set of precautions for home fire prevention. This booklet contains a comprehensive self inspection blank and every home dweller seeking to prevent fires on his premises will find helpful suggestions in its pages.

A movie "short" has been produced again this year by Underwriters Laboratories to be used in theaters during fire prevention week. It runs one minute and is available at cost to all fire prevention committees, fire departments, chambers of commerce, city departments and other civic groups. Each film carries the name of the sponsoring committee or group. The cost of each movie is \$4.90 with 10% off for three or more identical films. Insurance people in various communities are requested to urge each theater manager to agree to run a film with his regular show during the entire week of Oct. 3-9. After theaters have been booked, an order card should be sent to Underwriters Laboratories for the films that are needed with check or money order.

Slawson Heads Wichita Agents

WICHITA, KAN.—The Wichita Association of Insurance Agents held an open forum meeting this week covering late changes in fire, automobile and liability with B. J. Weldon of Dulane, Johnston & Priest as chairman. Assisting as a board of judges were Dwight Smith of Smith, Stone & Snyder, Tom Welsh of Wheeler, Kelly & Hagney and E. B. Fergus, Kansas Inspection Bureau. New officers were elected as recommended by the nominating committee. C. J. Slawson of Dulane, Johnston & Priest was advanced from vice-president to president. William Matchett, Noble Mortgage Co., was named vice-president and Eli Bounous reelected secretary-treasurer.

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Insurance, and the men and women engaged in extending its benefits to the public, has done much to improve the life and environment of the people of this country. It is now helping to win victory for the American way. And when the war is over, it will do its part in making life in America more comfortable, more enjoyable and more secure than ever before.

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Write For Complete Facts About



Loyalty Group Coverage and Service

A.F.I.A. Marks Its 25th Anniversary

**Founded in Last War,
It Has Surmounted
Many Pioneering Problems**

NEW YORK—The American Foreign Insurance Association marked its 25th anniversary Aug. 23. In a historical sketch, L. H. Doman, its general counsel, recalls that while there was some misgiving about embarking on such a venture during war times, E. G. Snow, president of Home, who became the first president of A.F.I.A., pointed out that it was largely because of war conditions that the opportunity was presented to participate in the foreign field. The German companies had considerable business which had been reduced to small proportions where it had not entirely ceased but the main consideration was that "we as a nation, from the chief executive to the ordinary citizen, have extended our vision from the narrow provincial to the world wide."

Besides Mr. Snow the officers were Benjamin Rush, now chairman of North America, and the late R. M. Bissell, president of the Hartford, who were elected vice-presidents, and Wilfred Kurth, now chairman of Home, who was elected secretary, in which capacity he has acted continuously since the organization date. Mr. Kurth was also appointed manager temporarily until a permanent appointment could be made.

Explored Possible Fields

Surveys were immediately made to explore the possibilities in South America, Australia, New Zealand, the Philippines, China, Japan and other regions. By 1920 the association's affairs progressed to the point where a permanent full time manager was needed and H. P. Moore, then assistant secretary of Home,

was then appointed general manager. He held this office until his retirement in 1926.

During those years the association rapidly expanded its activities and additional branch managers and agents were appointed. There were frequent political and social and economic crises in various countries, terminating in the financial collapse of Germany in 1923. It was inevitable that under these circumstances, coupled with keen competition, large losses should be experienced and future prospects appear not too bright. Several member companies during this period became discouraged with the outlook. However, economic conditions began to improve. Underwriting results became better and by the middle of 1926 the association was firmly in the foreign business with American insurance a factor in the world market.

Austin Succeeded Moore

Harry Austin succeeded Mr. Moore as general manager. He retired in 1942 to take care of his extensive farming interests. The depression era which began only a few years after Mr. Austin took over was marked by a resurgence of nationalism in its most virulent form in most foreign countries. However, in spite of this turmoil the period, for the association, was one of quiet consolidation of its position in the international insurance field and of uninterrupted profit. As part of its expansion the association provided casualty and life insurance facilities abroad where these were requisite to its main business of developing the fire and marine business of its members. The association was in a very strong position when U. E. Guerrini succeeded Mr. Austin as general manager. However, facing him and his colleagues were the tremendous problems of the war.

Many of the territories where the association had operated profitably before had come under enemy rule. Experienced personnel at home and abroad have been depleted by calls to service and replacements are difficult to obtain.

Strong Program for Mutual Agents

WASHINGTON—With the annual meeting theme of "Our Job Today and Tomorrow," the annual meeting of the National Association of Mutual Insurance Agencies, at the Hotel New Yorker, New York City, Oct. 4-6, will have the following speakers on the program, according to announcement by Eugene Wright, Valley Stream, L. I., chairman of the convention committee:

James S. Kemper, former president U. S. Chamber of Commerce and president Lumbermen's Mutual Casualty; J. J. Beall, Seattle, vice-president Northwestern Mutual Fire Association; Eugene Arms, manager Mill Mutual Fire Prevention Bureau, Chicago; Arthur Snyder, treasurer Alfred M. Best Co.; Dr. Harry J. Loman, dean American Institute for Property & Casualty Underwriters; John L. Train, president Utica Mutual; H. J. Pelstring, president Pennsylvania Lumbermen's Mutual Fire, and Arthur von Thaden, president Excess Underwriters.

Because of many war problems affecting agents, it is expected that the attendance will be larger than last year, which holds the record so far. The meeting will be confined to business in keeping with the demands of the war.

Most countries of South America and elsewhere have taken advantage of the current situation to exploit nationalism and establish and enforce anti-foreign legislation.

U. S. Lends No Aid

"Preoccupied with the war, our own government lends little effective assistance to counteract such measures," Mr. Doman's review continues. "State insurance supervisory departments, understandably so, are more inquisitive than ever regarding the foreign operations of insurance companies. Taxes are exceedingly high and take a bewildering variety of form and regulation all over the world. Complex questions of international law arise. The trading with the enemy act and foreign funds control by our own government require the utmost attention to detail to insure compliance and avoid involuntary infraction. Foreign exchange control abroad and inflation are extraordinary phenomena that must be coped with."

However, Mr. Doman takes an optimistic view of the A.F.I.A.'s future, though he feels that its expansion depends to a large extent on postwar developments. In the course of its quarter century the association has previously met and solved, in kind if not in degree, all the problems which now face it and has the experience to justify the hope that a satisfactory solution to these problems will be solved.

The association now has 13 members: American, Continental, Fidelity-Phoenix, Fire Association, Glens Falls, Great American, Hartford, Home, Phoenix of Hartford, Springfield, St. Paul, U. S. Fire, and Westchester Fire.

New Policy in Montana

The National Board has notified member companies that since the Montana commissioner has approved the use of the brand new New York standard fire policy as of March, 1944, and will approve it for all insurers filing it before that date, the National Board will make the filing for its member companies as of Sept. 1. Present stocks of policies, by use of proper endorsements, may be used until March 1, 1944.

Harry Amonette, 49, St. Paul F. & M. fieldman for Colorado, died Aug. 23 following an extended illness that had incapacitated him for active work much of the past year. After service in the former war he joined the general agency of Trezevant & Cochran, Dallas. In 1925 he was appointed state agent for St. Paul F. & M. in Tennessee, later being transferred to Colorado.

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Fire & Marine Insurance Company
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Property Insurance including
Ocean and Inland Marine
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**Sound
Solid
Successful**



NEW HAMPSHIRE
FIRE INSURANCE COMPANY
MANCHESTER, N. H. CAPITAL \$3,000,000
ORGANIZED 1869

GRANITE STATE
FIRE INSURANCE COMPANY
PORTSMOUTH, N. H. CAPITAL \$1,000,000
ORGANIZED 1885



Insurance Contract Renegotiation by U. S. Doubtful

WASHINGTON, D. C.—Government insurance contracts are not regarded by at least some members of the government agency price adjustment boards, which are reported to have given some attention to the question, as subject to renegotiation. However, these members admit that the status of a contract with reference to this question would depend to some extent on the nature of the contract.

One official cited, as an example of a contract that might be renegotiable, an insurance contract to indemnify a contractor against loss on a government contract, or against something which was related so directly to the contract that the premium was considered chargeable to the job.

Perhaps most other types of government insurance contracts, however, would not be considered by the officials referred to as subject to renegotiation.

Price adjustment boards function for the War, Navy and Treasury departments, Maritime Commission, War Shipping Administration and (one board) for Rubber Reserve, Metals Reserve and Defense Supplies Corporations, RFC subsidiaries.

Theoretically, it would be possible for one board to decide for renegotiation of insurance contracts while others did not. However, it is the job of Carmen Blough, chief of contract review branch, procurement policy division, WPB, to coordinate price adjustment boards' policies and functions.

Officials of the RFC, Army Ordnance Department and War Shipping Administration report they know nothing of a plan to renegotiate government insurance contracts. For WSA, such matters are reported to be in charge of James L. Murphy, chairman WSA price adjustment board, 39 Broadway, New York.

Renegotiation Procedure

The Navy department law officers are understood to have held that it is questionable that government insurance contracts could be renegotiated. The department's procurement insurance division, it is understood, does not contemplate such renegotiation.

Renegotiation of prime contractors and sub-contractors is usually handled by one war agency in behalf of itself and all other war agencies for which the contractor may have done business. If a contractor has received \$100,000 or more in contracts with the War Department, Navy, Maritime Commission, RFC and its subsidiaries, he is subject to renegotiation. If the RFC, for instance, has the principal interest it will probably conduct the price adjustment negotiations but the other war agencies that may have an interest benefit to the same extent.

There have been some hints from Washington that one or more of the renegotiation units are giving consideration to the possibility of renegotiating insurance contracts. It appears that there is sentiment in favor of entering upon price adjustment negotiation with insurance producers but that there is considerable doubt as to whether the renegotiation procedure could be made applicable to insurance companies. Because of the risk bearing element it would be impossible to determine as of a certain date what the experience of an insurance company might be in connection with its war business. A conflagration or catastrophe loss the next day might completely alter the picture. It would be impossible to tell to any degree of certainty what an insurance company's experience has been until after the war is over and until several months or years thereafter.

Most brokers that have handled war business have assumed that the very greatly reduced scale of commission that they were called upon to accept

constituted a final accounting and hence those brokers that within the past few weeks have been questioned by one or more of the renegotiation units as to whether their commissions on war contracts exceeded \$100,000 were startled.

If it is determined to renegotiate insurance contracts, presumably the procedure would be to total the commissions that have been received by the broker from policies and bonds covering contractors doing war work and policies insuring RFC and other government agencies directly, to arrive at the costs in connection with that business and then

to discuss what profits should be allowed. It is obvious that there would be a multiplicity of questions involved, such as for instance how much of a given policy covers wartime operations of an assured and how much is linked to the assured's normal operations.

Capt. Westray Boyce was quoted in an AP dispatch the other day from North Africa stating that nine out of 10 of the WAACs stationed in North Africa have reenlisted in the WACs. Mrs. Boyce will be remembered in the insurance business as head of the in-

surance department of the Rural Electrification Administration. Several years ago she was one of the featured speakers at the joint annual meeting of the International Association of Casualty & Surety Underwriters and National Association of Casualty & Surety Agents at White Sulphur Springs, W. Va.

W. M. Murray, vice-president of the C. R. Black, Jr., Corporation of San Diego, and L. M. Noyes, assistant insurance manager of the Consolidated Vultee Aircraft Corporation, have returned from a trip to Dayton, Nashville, Detroit and Chicago.

An advertisement similar to this appears in NEWSWEEK, August 23rd, and SATURDAY EVENING POST, Sept. 11th.

GREAT AMERICAN GROUP



 SAMUEL ADAMS MASSACHUSETTS	 JOSIAH BARTLETT NEW HAMPSHIRE	 MILTON GWINNETT GEORGIA	 JOSEPH HEWES NORTH CAROLINA
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 THOMAS NELSON, JR. VIRGINIA	 EDWARD RUTLEDGE SOUTH CAROLINA	 ROGER SHERMAN CONNECTICUT	 THOMAS STONE MARYLAND

The Committee of thirteen appointed by the Continental Congress in 1777 who drafted the Articles of Confederation and Perpetual Union



Member Companies—Providing practically every form of insurance except life

Great American
Great American Indemnity
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American National
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Group Thinking Named the Nation

With the final ratification in 1781 of the Articles of Confederation and Perpetual Union, this nation was named "The United States of America" . . . an act of the Continental Congress resulting from group thinking.

The value resulting from group thinking is one of the advantages accruing to policyholders who deal with members of the Great American Group of Insurance Companies. This is especially important in these war times when a single flaw in an insurance program may have disastrous and far-reaching effects.

The Great American Group, writing practically all forms of insurance except life, offers its broad experience through 16,000 conveniently located agents, or through your own broker. You are invited to avail yourself of its advice without obligation.

INSURE YOUR COUNTRY'S SAFETY—BUY WAR BONDS AND STAMPS

Convention Dates

Aug. 27, Washington agents, Seattle, Olympic hotel.
Aug. 30, Utah local agents, Salt Lake City, Hotel Utah.
Sept. 2-3, Minnesota agents, Minneapolis, Nicollet hotel.
Sept. 13-14, International Claim Association, Chicago, Edgewater Beach Hotel.

WANT ADS

FIELD MAN WANTED

Splendid opportunity available in mid-west field for man with fire and casualty experience with group of large independent companies operating nationally. Opening is not replacement of draftee. Our employees know about this ad. In replying state age and outline experience. Address S-76, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED MALE

Casualty Underwriter
For Large General Agency

FRED A. GINSBURG AND
COMPANY

1110 Lafayette Building
Detroit 26, Michigan

AVAILABLE

Man with 12 years insurance accounting, office management, payroll and audit and sales experience, desires connection with reputable insurance company or general agency. Will locate anywhere. Address S-80, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

AVAILABLE

General insurance man with 14 years Inspection Bureau and 10 years Local Agency experience would like permanent company connection. Married and draft exempt. Prefer work of public relations type, but not necessary. Prefer Illinois territory. Reply to S-87, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

EXPERIENCED INSURANCE MAN

Desires New Connection
Fire and Casualty
Field and Management Experience
15 years of field work. Eight years manager insurance department large agency handling \$400,000 in premiums. Draft exempt. Address S-88, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED

Young woman as assistant in Agency and License department of Chicago Fire Insurance office. Some knowledge of shorthand desirable. Give full particulars and salary expected. Address S-73, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

AVAILABLE

Special Agent, 50 years old, at present satisfactorily employed in the East is seeking a permanent similar position or office position on the West Coast for family reasons. Southern or Central California preferred. Address S-78, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

AVAILABLE

Man with 25 years experience as Agent and Fire Examiner, also Brokerage experience, now located in middle west desires to make a permanent connection with Eastern Fire Company. Family situation necessitates moving to East. Address S-79, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

Map Revision of Underwriting Powers in Canada

The Association of the Superintendents of Insurance in the Provinces of Canada has sent out an official report on the meeting that it held July 29 in Toronto to take up questions relating to definitions and interpretations of underwriting powers of fire, marine and casualty insurers. At that time opinion was canvassed as to the advisability of a revision of the uniform definitions of classes of insurance now in force in eight provinces, on the advisability of preparing a set of definitions of classes of insurance comprising a very few limited number of classes, each of wide scope, with a view to recommending uniform adoption by the Dominion and the provinces.

Superintendent McNairn was chairman of the meeting.

Mr. McNairn voiced the opinion that a revision of the definitions along broad lines is desirable to meet present practices and trends and to provide reasonable freedom of contract to insurers. He said he favors providing a few definitions of broad classes which could be set out in the insurance act for purposes of licensing, deposits and application of statutory conditions and that special provision should be made for detailed definitions for statistical purposes which would permit variations to meet changing conditions and requirements.

Superintendent Lafrance of Quebec expressed the opinion that the classes of insurance should be divided into four major headings—damage to property, guarantee insurance, liability insurance and insurance of the person. These could be subdivided if necessary.

Some of those present declared that the definition of a particular class should not only permit the direct coverage of loss or damage but also the indirect coverage of liability for loss or damage.

Colin Sword on behalf of the Canadian Underwriters Association referred to discussions that he had had with Superintendent Finlayson of the Dominion in connection with the extension of company registration to permit the writing of water escape cover under supplemental contract. He suggested to Mr. Finlayson that each company be registered by the Dominion empowering it to transact all classes of insurance within its charter. The department would then determine the classes for which it will require segregation of premiums and losses. Then deposits would be required from all companies based on their combined operations and not as at present on individual classes.

Mr. McNairn stated that a drafting committee would be appointed to work out the details and that a preliminary report might be expected at the executive session of the superintendents at Regina, Sask., in September.

Study of Retaliatory Statutes Is Projected at Insurance Section

Franklin J. Marryott of Liberty Mutual reported for the committee on qualification and regulation of insurance companies at the meeting of the insurance section of the American Bar Association in Chicago this week. He recalled that the committee last year recommended that a new canvass be made to determine the possibility of obtaining sufficient support for a uniform retaliatory law to make it feasible to continue with the project of drafting such legislation.

Mr. Marryott expressed the opinion that the prospect of early adoption of such a law, assuming that a draft could be drawn that would not collide too violently with many established state policies, is not favorable. However, there is enough interest in the subject of retaliatory legislation to justify some further work in this field. A summary of all of the state statutes with respect to retaliation has been made, and a study of all available cases, insurance department rulings, attorney-generals' opinions and all published legal material on the subject is being made. The committee hopes to be able to present this report next year, together with a treatise on the nature and interpretation of such legislation, a compendium of the statutes, cases, rulings, opinions and legal literature.

Such a report, Mr. Marryott said, should prove valuable to insurance departments, attorney generals and insurance lawyers.

National Board Gives Warning to Home Canners

NEW YORK—Because of the fire and explosion hazards involved, home canners should be extremely careful when using the oven pack method of preserving fruits and vegetables, the National Board warns in a special bulletin. It also suggested precautions in connection with the use of pressure cookers. The bulletin classed the cold pack or water bath method as being the least hazardous means of preserving victory garden produce.

The oven pack method is the most dangerous means of preserving because it is not possible to regulate oven heat so that it does not introduce a hazard from a pressure explosion in the jar or can if the tops have been tightly closed, the National Board's bulletin said. Reports have been received from insurance companies of a number of cases where explosions occurred, causing injury to people and damage to property, according to the bulletin.

Blew Oven Apart

In one recent case in Pennsylvania a woman placed nine pint jars of snap beans in the gas range oven and set the heat regulator at 275 degrees. A short time later a violent explosion blew the range apart, broke the gas pipe connection, and seriously scalded and cut the woman's son who was sitting in the kitchen.

"It is very evident that the tops had been tightened and when this is done a temperature of 275 degrees will produce a steam pressure of 29 pounds, which is far in excess of the safe limits of a sealed glass jar or even a tin can," the bulletin says.

Oven regulators are seldom kept in such condition as to assure their accuracy within 10 to 20 degrees, the bulletin stated.

The cold pack or water bath method is the least hazardous method of home canning, according to the bulletin. The principal danger is from scalds when removing the jars.

Are you too busy to make calls? Let the Insurance Buyers' Digest do it for you. Write National Underwriter for samples.



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**Buy War Bonds
TODAY**

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**KEEP ON BUYING
War Bonds until
Victory is won.**

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PRINCIPAL CITIES
COAST TO COAST**

BUSINESS NEED NOT "FLY BLIND"



Our services chart a safe course through problems involving property insurance protection.

The AMERICAN APPRAISAL Company
CONSULTANTS IN PROPERTY ECONOMICS

WPB to Assure Fire Protection

(CONTINUED FROM PAGE 1)

provides that the materials, components, facilities, and manpower required for fire protective equipment be made available insofar as compatible with other essential needs and with the objective of securing maximum protection with minimum use of critical materials.

The WPB's reluctance to release essential materials for use in war plants has been criticised in insurance circles as shortsighted and the present move is regarded as a step in the right direction. A good deal of its success will depend on who is selected to head the fire protection committee.

Insurance Fathers Are Unsettled

(CONTINUED FROM PAGE 1)

and local agencies, is whether or not the registrant is needed in his current occupation in support of the war effort. If the board so finds, when the registrant is called by his order number for possible induction into the armed forces, the board can defer him.

Insurance men who contemplate switching to direct war employment are wondering whether the fact that they are comparatively new on the job would not mean that their deferment would be but little longer than if they remained at their insurance work. The WMC releases a question and answer that bears on this point.

"Is skill or irreplaceability the basis for occupational deferment?" is the question.

"Both factors are to be considered," is the answer. "A skilled workman is usually more difficult to replace than an unskilled one, but an unskilled worker may be deferred if his induction would vitally interfere with war production. The controlling factor is the immediate need. Local boards are instructed to take into account not only the national shortage in a registrant's skill, but also available replacement for even unskilled workers and current local shortages of skilled or unskilled workers in war supporting industries."

Personnel departments of war industries have told insurance men who have inquired that they cannot be certain of deferment, that if they prove efficient and useful the employer will do his utmost to hold them, but that in the past the employer has been turned down as frequently on requests for deferment as he has been supported.

Many pre-Pearl Harbor insurance fathers are remaining on the fence for the time being but as the October deadline approaches, and if it appears certain that the present program is actually to be put into operation, there may be quite an exodus from insurance offices to war plants.

A good many insurance fathers, who are now considering factory work, have applied unsuccessfully for navy or other commissions. They are not seeking to shirk their duty but they are anxious to avoid putting their families on a private's pay.

Last week the WMC added to its list of essential occupations "accident and fire prevention services" under the broad heading of "Health and welfare services." This is the first time that any official, specific recognition has been given to fire and accident prevention experts and it is gratifying to insurance interests that they are given promise of being able to retain their real technicians who could not be replaced under today's conditions.

K. C. License Rule Changed

The Kansas City city council has amended its city license ordinance pertaining to the licensing of fire insurance companies to include marine writing agencies.

The ordinance formerly read: "Every

fire insurance company selling only fire, tornado or sprinkler leakage insurance, each office or agency, \$25 per year." This definition was too limited in its scope as there is no insurance company or agency selling only fire insurance.

This section of the ordinance was, therefore, amended to read, "Each fire insurance company selling any kind of insurance authorized by its charter and contributing to the support of the fire patrol, each office or agency, \$25 per year." Companies writing insurance in Kansas City falling in any other class are required to pay \$100 per year for

each office or agency which they are maintaining.

The difference in the license fees paid by fire companies or agencies is accounted for by the fact that practically every company writing fire insurance in Kansas City contributes 2% of the premiums written to the maintenance of the K. C. Underwriters Fire Patrol, which is independent and not under the jurisdiction of the Kansas City fire department.

Chicago Blue Goose Outing

The Chicago contingent of the Illinois Blue Goose will hold a golf tournament

in conjunction with the Joliet Insurance Agents Association at Big Run Golf Course near Lockport, Ill., Sept. 2. At that time the two Chicagoans will be selected to compete against representatives of the Peoria and of the Springfield-Decatur puddles in a final match to determine the 1943 Illinois Blue Goose golf champion.

The Sunflower Blue Goose puddle will resume meetings at Wichita Sept. 20.

The answer to practically any statistical question is in the *Unique Manual-Digest*. \$5 from National Underwriter.

WITH THE THREAT of sabotage added to all the hazards of normal times, all-out protection against fire and unlawful intrusion is a "must" in every industrial establishment.

All-out protection demands supplementing protective manpower with systems that function *automatically*, such as electrically supervised automatic sprinklers, automatic fire alarms, burglar alarms and other automatic intrusion detection systems. Watchmen and guards require the additional support

of an outside central station which maintains a continuous check on their activities and provides prompt aid in emergencies.

Thousands of war plants now receive this all-out protection through A.D.T. Central Station Automatic Electric Protection Services. Available in more than 650 cities and towns in the United States, this type of service assures the complete dependability and efficiency of operation which is essential to any "all-out" protection program.

Write for descriptive booklets.

A. D. T. CENTRAL STATION ELECTRIC PROTECTION SERVICES

Controlled Companies of AMERICAN DISTRICT TELEGRAPH CO. 155 Sixth Avenue, New York
CENTRAL STATION OFFICES IN ALL PRINCIPAL CITIES OF THE UNITED STATES



Electric Protection Services
AGAINST FIRE · BURGLARY · HOLDUP
A NATION-WIDE ORGANIZATION

CHICAGO

FIRE PREVENTION WEEK PLANS

The Chicago Association of Commerce will give a luncheon meeting Sept. 2 at the Hotel LaSalle to discuss plans for the observance of Fire Prevention Week Oct. 3-9. The Chicago fire department, Office of Civilian Defense and other organizations are working with the fire prevention committee of the chamber to make the week notable. E. G. Frazier, Springfield F. & M., is chairman of the fire prevention committee. R. G. Osgood, who has become fire secretary of the home office of the North America, is vice-chairman. Some of the other insurance men on the committee are J. B. Finnegan, professor Illinois Institute of Technology fire prevention engineering course; A. L. Kirkpatrick, "Chicago Journal of Commerce"; E. D. Lawson, Fireman's Fund; R. A. Parker, Cook County Inspection Bureau; W. M. Sheldon, president Chicago Board; C. R. Welborn, Underwriters Laboratories; F. C. McAuliffe, chief Chicago Fire Insurance Patrol.

SHUTZ WITH RESERVE BANK

Clarence J. Schutz, who was agency secretary of the old Illinois Life and for 20 years with that company, more recently an independent auditor, has joined the Federal Reserve Bank in Chicago to take charge of checking the reports on war damage insurance written by the fire companies which are acting as fiduciary agents for that line.

FAREWELL FUNCTIONS FOR READ

R. I. Read was tendered two luncheons and a dinner by his Chicago friends during the past week. Mr. Read, who has been Illinois general agent of fire and casualty companies for the past year and a half and who prior to that was for 20 years Chicago manager of Crum & Forster, will leave next Saturday for Tucson, Ariz., where he is to establish himself in the real estate and insurance business.

Allan I. Wolff, Associated Agencies, was the host at a luncheon for a group of Mr. Read's friends at the Standard Club.

W. F. Sweazea, manager Chicago department North British group, gave a luncheon for Mr. Read at the Union League Club on Monday, and Thursday Homer Gwinn, Chicago local agent, is in charge of a golf party at Bobolink Golf Club, which will be followed by a dinner in the evening attended by about 40.

SYLVESTER WITH SECURITY

Security of New Haven announces the appointment of Lloyd C. Sylvester, as manager of the brokerage department in the Chicago service office.

Mr. Sylvester has for many years been connected with North British & Mercantile in a similar capacity and is favorably known throughout the mid-west for his knowledge of the business.

LA VIELLE QUILTS BUSINESS

Joseph L. LaVielle, assistant superintendent of the automobile and inland marine department in the western department of National of Hartford in Chicago, is retiring from the business due to ill health. He has been connected with the National for about 11 years.

MANY MISTAKES FOUND

Companies writing sub-agent risks where the policies are written and issued from the office are finding that a number of mistakes are being made because of new help. Policies are sent out with errors which may or may not be

discovered. Supervisors say that much time now is being given to going over the work that has been done. Heretofore with expert and experienced help it was taken for granted that everything was in good shape. That is not the case now.

CRUISE OF 26 CLUB AUG. 31

The 26 Club of Chicago will give a steamboat excursion to St. Joseph and Benton Harbor, Mich., on the "City of Grand Rapids" Aug. 31, starting at 9 a.m. The round trip ticket is \$2.50. Fred C. Bracken, arrangements chairman, announced the club will have its own cabin on the top deck.

Fred C. Reed Is Elected President

(CONTINUED FROM PAGE 1)

Carter, Pendleton. After considerable discussion, the committee presented a unanimous report on all points except whether the executive committee should be appointed by the president and chairman as in the past, or elected by the membership at each annual meeting. At the general meeting the majority report favoring continuance of the present method of selecting the committee was approved.

Seek Three-Way Compensation Law

H. R. Drinker, Portland, conducted a discussion on the possibilities of securing legislative enactment of a three-way compensation law. A committee working on the subject is preparing to foster such legislation at the next session of the legislature. Fred E. Jewett, Portland, reported on the activities of the educational committee and reviewed plans for next year.

George W. Haerle, state national director, stated that the solicitation of funds from member agents to promote the public relations program of the National association had gone over the quota and that he had, nevertheless, made an appeal to those agents who had not contributed. H. C. Pownall, Portland, and Claude Nasburg, Marshfield, led a discussion of the new New York standard fire policy and its features. Approval of the new policy for use in Oregon will be sought.

Secretary of State Robert S. Farrell, Jr., spoke on the new financial responsibility law. He contrasted this law with those of New York, New Hampshire and Indiana, emphasizing that in Oregon the law does not concern itself so much with the first accident, but stresses subsequent occurrences. In New Hampshire, according to Mr. Farrell, who had just completed a tour of several eastern states, a state investigator must report on each accident and the state then decides which party is negligent, releasing the other party and requiring the negligent one to post security to cover the damage he has caused, and also provide financial responsibility for future accidents. In such cases where the courts later do not sustain the stand taken by the state some considerable embarrassment may result, according to Mr. Farrell.

In New York, the state investigates, but does not attempt to determine negligence, simply assuming all parties to the accident are negligent and requiring each to post cash and securities to cover the cost of the damage until the case is settled either in or out of court. He explained that these features, which were in the early drafts of the Oregon law, were scissored out of the finished act before passage. The Indiana law is practically the same as the New York act, but does not become operative until September.

Many Misapprehensions Found

The secretary of state reported that many misapprehensions have arisen among insurance people and the public, among them being concern by some company men and adjusters that the filing of the "Notice of Insurance" form

SR-21 with the state department is an admission of liability. This is definitely not so, he states, as this filing is for the sole purpose of informing the secretary of state that the party is financially responsible as of the date noted. Others have insisted that their claim departments investigate the accident before filing the form, unnecessarily delaying the routine filing of the notice, which has no bearing whatever on the question of liability. He pointed out that notices have been withheld in cases where one of the cars was parked and said that while the act specifically exempts legally parked vehicles, it seems desirable to file notices in such cases regardless, as subsequent developments may show the car not actually to have been legally parked, and the filing would in such cases automatically prevent suspension or revocation of licenses.

He said that while the department had received many requests for information concerning insurance carried by individuals filing after accidents, it is the policy of his department to keep all such information absolutely confidential. Samples of accident report forms used by police and sheriff's forces in several states he visited on the tour have been used in redesigning the form to be used by the state hereafter in Oregon. Prominent in the new form will be a reminder that if there is insurance on the car the agent should be promptly advised.

At the luncheon meeting Quincy Scott, staff cartoonist of the Portland "Oregonian," a retired lieutenant-colonel in the army, spoke forcefully and effectively on "Responsibilities of Freedom."

IN U. S. WAR SERVICE

Roy F. O'Connor, assistant secretary of Excess of New York, has been inducted into the army and reports for duty Sept. 1.

Royal Bartrum, who has been in charge of the non-claim handling legal department of State Farm Mutual Automobile, has been inducted into the navy and is stationed at Great Lakes Naval Training Station. He had been connected with State Farm Mutual since graduating from the University of Illinois about seven years ago.

Robert Engel of Meyers-Engel Company, Chicago, has been inducted into the navy at Great Lakes, Ill. He has been in the agency business for about 10 years.

Michael Schweih, who before entering the army was special agent in northwestern Ohio for Hartford Fire, has been appointed chief warrant officer and assistant adjutant at the Laurinburg-Maxton army air base at Maxton, N. C. Since June he has been junior warrant officer.

F. L. DeLozier of Sevierville, Tenn., preparing to enter service, has announced that the agency which he has conducted there for 10 years, will be continued by his wife.

Earl G. McMullin, representative of the accounting department in the Chicago branch office of Bituminous Casualty and Bituminous Fire & Marine, has entered the service, being assigned to Camp Custer, Mich.

W. O. Chamberlain, Milwaukee local agent, has been commissioned a lieutenant in the navy.

Paul Sweeney, who before entering the army was manager of the Insurance Exchange of Los Angeles, is now a staff sergeant.

Elmer Krubeck, first assistant in the brokerage department of the National of Hartford western department in Chicago, is entering the service. He has been connected with National for about 14 years.

The Hartnett & Evens agency, Stafford, Kan., is 100% in the war. Ben Evans is a captain in the army air corps (ground forces) at Atlantic City. Mr. Hartnett is a lieutenant (j.g.) in the navy and has been at sea since February on the "Beaver."

F. W. Ruegg Heads License Unit in Ill. Department

Fred W. Ruegg of Carlinville, who has been assistant supervisor of the license division of the Illinois department since 1941, has been promoted to supervisor of licenses succeeding F. C. Baker of Centralia.

Mr. Baker is returning to southern Illinois to resume his former position as investigator for the department.

Central Union has been licensed in New Mexico.

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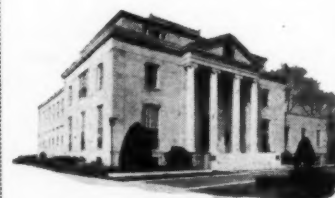
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F. C. & S. Clause and the War

(CONTINUED FROM PAGE 2)

of Skye, being some miles to starboard of her course due to an unexplained tidal set. She was refloated by her own efforts, rejoined her convoy, and was later repaired; the vessel being under charter to the Minister of War Transport, who assumed the risks of war by agreeing to indemnify for the risks which are excluded from the marine policy by the F. C. & S. clause. This case is reported as *Yorkshire Dale Steamship Company vs. Minister of War Transport* (1942) A.C. 691.

Disputed Cause of Stranding

The government admitted that the vessel was engaged in a "warlike operation" but disputed that the stranding was proximately caused by this operation. The Kings Bench held that this was a war loss, but was reversed by the court of appeal, who in turn were reversed by the House of Lords. It will be seen, therefore, that in England a vessel which meets with an accident while carrying war supplies to or like operation, and the loss is excluded from the marine policy, provided it can be shown to be a "consequence" of the warlike operation. Just what causal relation must be shown between the character of the operation and the loss is still unsettled. Some of the judges in the *Coxwold* case thought that almost anything which occurred during a warlike operation would be excluded, while others were not prepared to go so far.

There are a great many cases involving American vessels carrying military supplies between war bases, which have been in collision or have stranded, and which are being held open for a determination as to which set of underwriters shall ultimately absorb the loss, pending a decision by our courts as to whether they will follow the law as it now exists in England. The amounts involved are considerable and it is hoped that an early decision will be reached in order that these cases may be settled and the American law established. It may be observed that in *Queen Insurance Company vs. Globe & Rutgers Fire*, 263 U.S. 487, at p. 493, Justice Holmes in speaking for the whole court said: "There are special reasons for keeping in harmony with the marine insurance laws of England, the great field of this business, etc."

LLOYDS FORM IS USED

The fact that marine insurance is an international business has resulted in the policy forms being substantially the same throughout the world, having as their background the old Lloyds form.

Following the "*Coxwold*" decision, a great deal of consideration was given by English underwriters to the question of what position they should take as to their future cover under marine policies, since many of the losses during wartime navigation which were considered to be ordinary marine risks have now become war risk losses.

It was finally decided to broaden the marine policy so that certain additional hazards will be covered. Such, for example, as collision between merchant vessels even though one vessel be engaged on warlike operations; and collision with a war vessel even though the latter be alone to blame.

It will be seen from this that the English underwriters not only took under the marine cover certain losses which recently had been decided as war losses, but also included loss due to collision occurring between merchant and war vessels which for many years had been treated as war losses, except possibly where the merchant vessel had been solely at fault.

The approach to this subject in the United States has been diametrically opposite to the position taken in England. This action came about largely from the fact that in our domestic

economy the marine insurance premium becomes a factor in our OPA price structure of essential commodities, and also freight rates are affected by the rates which a vessel owner must pay for his hull insurance.

Since our government through the War Shipping Administration assumes the risks of war on the entire fleet of American merchant vessels and tankers which it has under charter, and since the War Shipping Administration is also in the business of war insurance on cargo, it has preferred to keep down the cost of marine insurance (which is carried by commercial underwriters) by increasing the perils under its war assumption in respect of hulls and its cargo war risk insurance, by including certain losses resulting from wartime conditions; such as, collision in convoy; collision resulting from vessels running without lights; stranding occasioned by removal of lights, buoys, or other aids to navigation, or by navigating without a pilot. At the same time, the new clauses make it clear that notwithstanding certain implications of the *Coxwold* decision, a loss occasioned by marine perils will not fall under the war risk policy merely by reason of the fact that the carrying vessel was engaged in transporting cargo of a warlike nature or engaged in similar operations.

NEW CLAUSE INTRODUCED

Coincident with the broadened war risk cover granted by the WSA, the American commercial market broadened its war risk coverage in the same way; and also endorsed the marine policy with a new free of capture and seizure clause which excluded the risks assumed under the war risk cover.

Broader Than American

The result of this conflicting action taken by the two leading marine insurance markets is that in wartime the English form of marine insurance policy is considerably broader than the American. On the other hand, the English war policy is considerably restricted as compared with the American policy.

When both the marine and war insurance are under English policies, full cover is obtained, as the one policy covers what the other excludes. This is also true where both the marine and the war insurance are under the American form of policy.

Now let us consider the situation where the marine and war insurance are not placed in the same market, which frequently occurs. If the marine insurance is placed under the American form of policy and the war risk is insured in the English market, a very unsatisfactory result would obtain for the assured, as the risks of stranding and collision previously discussed would be excluded from both policies.

On the other hand, if the war risk were insured under the American form of policy and the marine insured under the English form, there would be an overlapping coverage, as these same risks of stranding and collision would be covered under both policies.

Clauses Use "Married"

Obviously, the difficulties outlined might have a tendency to cause the transfer of business from one market to another, since an assured who now places his marine insurance in one market and his war risk insurance in the other might well decide to place both policies in the same market in order to avoid any gap or overlap in this coverage. Such transfers might well disturb established relations of long standing, which is clearly undesirable. In order to avoid these difficulties, a system has been worked out by which English underwriters who cover the war risks on

a shipment which is insured against marine risks in the American market, will cover the additional perils excluded by the new American F. C. & S. clause or, in other words, will "marry the clauses." In this way the assured will receive adequate protection, and the unfortunate results of having the two markets operating on different forms of policy will be minimized if not wholly avoided.

Ontario Agents Go Ahead with Convention Plans

TORONTO—Plans are definitely going ahead for the annual conference of the Ontario Fire & Casualty Insurance Agents' Association Oct. 14-15 at the Royal York Hotel in Toronto.

Agents' qualification probably will be one of the most important topics up for discussion, following the recent decision of the Canadian Federation to seek incorporation so that agents' qualification plans may get started. It is considered quite likely that more constructive plans regarding qualification will be introduced to the agents at this time.

Not only are members being asked to attend in full numbers, but non-member agents throughout the province are being made welcome.

Hint Used Car Price Ceiling May Be Imposed

WASHINGTON—James F. Brownlee, new price executive of OPA, is considering an order to roll back the prices of used automobiles to the blue-book values of October, 1942, which would be a reduction from the prices now being received in many areas.

The regulation is understood to have been drafted some time ago, but not issued pending OPA reorganization.

Officials say that with only about 100,000 new cars in stock, heavy pressure has been placed on used car prices with the result that they have been blown skyward. Reports particularly from the middlewest, indicate that prices for cars several years old have run \$500 or more above their original prices, new.

Some time ago OPA placed a ceiling on used motor truck prices, but not on passenger cars.


Many dealers in the middlewest are buying used cars at whatever price is necessary on the theory that the values can only go up. Of course, they are betting on no price ceilings.

INSURANCE agents are today facing an unparalleled opportunity to provide adequate protection for industries, properties and homes. Here are several contributing factors:


New policies plus revisions in old contracts now make it possible to present broader coverage at little if any increase in cost to the assured. And at a time when losses can disrupt wartime activities more people than ever are alert to the advantages of insurance protection!

Along with the War, changing conditions have created new needs for insurance. Increased income has brought the premium costs of policies within reach of the majority of people.

The complete facilities and valuable experience of the Providence Washington and Anchor organizations are always available to assist your operations in every possible manner.



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Atlanta Laundry Loss Litigation Is Expanding

ATLANTA—The legal difficulties of a laundry which charges 1 cent per bundle for "insurance" and fails to buy adequate insurance to cover a major fire loss continue to grow in Atlanta.

On Aug. 20, Judge Moore of the Fulton county superior court, ordered Asa G. Candler, Jr., president of Briarcliff, Inc., and his sons, John H. and Samuel Candler, to show cause Sept. 3 why they should not be made party defendants and held personally liable for damage claims growing out of the recent fire which destroyed the Briarcliff Laundry, Inc.

Judge Moore's order was signed after attorneys for Mrs. J. H. Kelly and others, who filed the original suit which resulted in the establishment of a receivership for Briarcliff Laundry, requested the right to amend the petition to include the Candler.

The amendment to the petition charges the three with "legal fraud" in that they caused the organization of Briarcliff Laundry, Inc.—which is said to be insolvent—"to relieve Asa G. Candler, Jr., and Briarcliff, Inc., of legal responsibility for the goods of customers in their possession."

The amendment sets out that by reason of these acts "Asa G. Candler, Jr., John H. Candler and Samuel Candler are liable to the petitioners and all other persons similarly situated for the loss and damage to their clothing and other similar articles which were in the hands of the defendants at Briarcliff Laundry at the time of the said fire on June 17, 1943."

Bond Almand, who was appointed receiver for the laundry firm, reported to the court several weeks ago that to the best of his estimates losses to customers would exceed \$100,000.

At that time, Mr. Almand said he could find only one \$1,000 insurance policy to cover this type of loss.

Checking with other laundries disclosed that the one cent charge, usually described on the laundry ticket as fire insurance, represented a long standing custom which was originally designed in a period of lower costs to cover all insurable and uninsurable liabilities. According to one laundry official with whom the matter was discussed "the total of premiums on all insurance and the actual cost of uninsurable risks is now costing us 3.5% of sales. The cost of settling the uninsurable claims last year was 1.85% of sales."

Customary Practice

This organization, as a result of the Briarcliff incident, has revised its laundry ticket so that the one cent charge is now described as a "service charge." From the discussion with this executive, while a precise figure was not given, it is apparent that the premium on the risk from fire involved in a customer's bundle or suit is about one quarter of the total premium cost shown on this firm's books, or slightly less than 1%. The average bundle, however, is something more than a dollar, so that it is possible that the one cent charge may fall short of meeting the total insurance carried. The fire insurance alone, however, and the firm being discussed is adequately insured, is probably considerably less than a cent per bundle. The accurate description of the situation was the apparent reason for the changing of the wording on the laundry list. Incidentally, since the Briarcliff fire, this firm has increased most of its customer liability policies because of a feeling that with the greater labor turnover, there was probably a greater risk.

By "uninsurable risks" this laundry executive meant some types of damage to garments being cleaned or washed, the disappearance of garments where theft cannot be established, and similar situations.

Fire Insurance Aggregates for 1942

(CONTINUED FROM PAGE 3)

	Premiums Earned	Underwriting Ratios—				Incurred Expense Analysis—						
		Loss	Expense (exc. Fed. inc. tax)	Net Gain (exc. Fed. inc. tax)	Fed. Inc. Tax	Claim Ad- justments	Com- mis- sions	Field Super- vision	Ad- minis- tration	Inspection & Bureau	Taxes & Fees	
Ins. Co. State of Pa.....	966,575	41.7	50.9	7.4	1.5	2.2	16.3	8.8	17.0	2.3	4.3	
Jersey.....	1,136,650	40.5	54.8	4.7	1.4	2.4	33.6	1.6	10.4	2.3	4.5	
Key Auto. Club.....	7,795	30.8	70.5	-1.3	..	3.8	5.5	..	54.4	..	5.7	
Knickerbocker.....	1,567,069	45.9	57.8	-3.7	..	2.4	37.5	3.1	9.1	2.1	3.6	
Lafayette.....	108,920	46.4	41.8	11.8	6.5	1.0	5.4	4.1	27.7	1.7	1.9	
Law Un. & Rock.....	494,938	42.1	55.4	2.5	..	3.3	23.5	5.6	13.8	3.4	5.8	
Lincoln.....	4,808	66.7	-64.1	97.4	49.6	-5.5	-232.5	11.5	167.5	..	-5.1	
Lion.....	1,585	..	..	..	..	..	..	..	..	..	..
L. & L. & G.....	6,355,597	44.9	54.9	..	..	3.6	28.2	5.0	10.6	3.3	4.2
London.....	1,964,242	42.7	52.0	5.3	-1.1	3.8	23.2	4.7	14.4	3.1	2.8	
London & Lan.....	2,508,487	41.2	51.0	7.8	..	3.4	21.2	4.5	13.9	3.5	4.5	
Lon. & Prov. Mar.....	288,876	48.7	62.0	-10.7	..	2.3	32.3	4.8	12.5	4.2	5.9	
London & Scot.....	276,205	33.3	49.7	17.0	3.3	1.6	25.7	5.1	9.3	3.7	4.3	
Lumbermen's.....	887,982	44.2	54.8	1.0	..	3.4	31.5	2.7	8.9	3.2	5.1	
Manh. F. & M.....	790,522	42.3	56.3	1.4	..	4.1	29.2	4.8	11.6	3.0	3.6	
Mfrs.....	109,274	33.5	227.5	-161.0	-8	1.3	184.8	1.6	22.7	2.7	14.4	
Maryland.....	592,385	47.0	57.3	-4.3	..	2.5	42.6	1.6	6.1	1.7	2.8	
Mass. F. & M.....	382,216	42.6	50.5	6.9	3.2	2.3	26.9	4.2	10.8	1.9	4.4	
Mech. & Trad.....	752,439	40.2	54.2	5.6	..	1.9	29.9	3.8	12.6	1.7	4.3	
Mercantile.....	1,321,935	36.6	59.3	4.1	1.6	6.1	30.4	4.0	11.8	2.8	4.2	
Merchants, N. Y.....	2,616,630	37.9	47.8	14.3	..	1.8	33.9	..	6.0	1.8	3.8	
Merchants, Colo.....	779,756	41.1	54.4	4.5	1.4	2.2	32.9	3.4	9.0	3.0	3.9	
Merch. & Man.....	1,233,104	45.9	57.7	-3.6	..	2.4	37.4	3.1	9.1	2.1	3.6	
Mercury.....	1,503,335	46.2	51.9	1.9	..	2.4	31.1	3.4	7.9	1.7	5.4	
Mich. F. & M.....	1,139,899	41.6	51.9	6.5	..	1.5	29.0	4.1	8.9	4.4	4.0	
Millers Nat'l.....	2,538,671	39.3	53.0	7.7	..	1.8	28.4	4.2	13.5	1.7	3.4	
Milw. Mech.....	3,033,868	40.3	53.5	6.2	..	2.9	30.0	3.7	11.2	1.9	3.8	
Monarch.....	883,199	40.7	57.6	1.7	..	3.1	29.8	3.4	14.4	2.2	4.7	
Natl Ben Fr.....	1,117,742	40.3	53.5	6.2	..	2.9	30.1	3.7	11.1	1.9	3.8	
Natl Fire.....	10,129,304	40.2	53.7	6.1	..	1.9	29.9	3.7	11.9	1.8	4.5	
Natl F. & M.....	386,988	95.6	143.0	-138.6	..	4.5	76.4	..	39.9	5.5	16.5	
Natl Grange.....	46,718	28.9	43.9	27.2	..	2.1	23.9	2.8	9.1	1.3	4.7	
Natl Liberty.....	3,652,066	47.5	44.6	7.9	1.2	2.3	29.7	4.0	6.7	1.4	..	
Natl Reserve.....	830,210	43.0	53.7	3.3	..	2.5	33.6	4.5	9.9	1.5	1.7	
Natl Security.....	273,940	44.6	41.2	14.2	..	..	26.4	2.8	8.1	1.6	1.6
Natl Surety Mar.....	1,361	10.3	80.9	8.8	..	..	15.3	11.5	33.6	5.1	15.4
Natl Union.....	5,346,486	50.1	57.0	-7.1	-4	3.6	29.9	6.2	8.5	2.4	6.4	
Netherlands.....	349,586	39.7	81.4	-21.1	..	1.8	52.3	5.6	13.4	2.3	6.0	
New Brunswick.....	1,140,436	57.0	51.8	-8.8	..	2.8	35.7	2.2	5.0	2.8	3.3	
New England.....	284,974	41.6	51.6	6.8	..	1.5	29.0	4.1	8.6	4.4	4.0	
New Hampshire.....	3,563,463	38.2	57.9	3.9	..	3.3	25.0	12.4	7.4	2.5	7.3	
New York.....	1,798,276	45.9	58.7	-4.6	..	2.4	38.4	3.1	9.1	2.1	3.6	
N. Y. Underw.....	1,108,092	48.5	52.9	-1.4	..	2.6	31.4	5.9	8.1	2.2	2.7	
Newark.....	2,034,432	44.7	53.4	1.9	..	3.6	28.0	5.0	9.3	3.4	4.1	
Niagara.....	4,434,301	44.3	53.6	2.1	..	2.4	31.1	3.4	10.7	2.9	3.1	
No. Br. & Merc.....	4,487,980	41.0	61.5	-2.5	-6	5.7	31.7	5.3	12.3	2.4	4.1	
North River.....	4,594,127	41.9	51.6	6.5	..	1.6	29.1	3.7	11.0	2.6	3.6	
Northern, Eng.....	2,986,337	43.1	47.0	9.9	-1	1.6	25.7	4.3	8.9	3.3	3.2	
Northern, N. Y.....	3,292,234	40.8	55.1	4.1	..	2.7	33.7	4.3	8.3	2.5	3.6	
North. F. & M.....	413,610	45.2	48.2	6.6	2.4	2.0	30.0	3.4	6.6	2.4	3.0	
North. National.....	3,308,225	35.4	56.6	8.0	3.0	2.0	28.7	4.5	15.4	2.1	3.9	
Norwich Union.....	2,166,956	46.7	56.7	-3.4	..	2.4	29.2	6.2	11.7	3.3	3.9	
Occidental.....	684,949	42.5	53.3	4.2	..	2.4	27.6	4.5	10.9	3.9	4.0	
Ohio Farmers.....	1,903,702	39.7	50.6	9.7	..	2.2	29.4	5.9	9.4	2.6	1.1	
Old Colony.....	1,098,234	39.5	49.9	10.6	..	1.6	26.3	6.5	8.4	3.5	3.6	
Orient.....	1,211,895	41.8	54.8	3.4	1.4	3.9	21.2	6.0	14.0	4.5	5.2	
Pacific Coast.....	299,887	50.8	50.5	-1.3	..	2.3	30.6	2.8	9.5	1.9	3.4	
Pacific.....	2,068,587	39.5	52.1	8.4	2.5	2.2	29.6	1.7	11.4	2.7	4.5	
Pacific Nat'l.....	2,508,241	37.3	65.4	-2.7	..	2.9	29.8	5.1	17.5	3.8	6.3	
Palatine.....	700,047	40.3	53.9	5.8	..	2.6	25.2	5.9	14.1	3.6	2.5	
Patriotic.....	579,780	41.8	49.4	8.8	2.3	2.6	30.5	3.2	6.9	2.3	3.9	
Paul Revere.....	897,371	58.5	51.4	-9.9	..	2.5	36.7	2.7	5.9	2.4	1.2	
Pearl.....	2,076,868	39.1	59.7	1.2	..	3.2	33.0	3.4	13.4	2.2	4.5	
Pennsylvania.....	2,955,662	42.2	59.9	-2.1	-8	6.4	28.7	5.1	12.0	2.8	4.9	
Philadel. F. & M.....	913,199	44.6	44.5	10.9	..	1.0	26.9	3.5	9.3	2.0	1.8	
Philadel. Nat'l.....	369,912	44.4	55.2	..	..	3.4	31.1	2.7	9.0	3.2	5.8
Phoenix, Eng.....	2,527,078	41.2	55.7	3.1	..	2.6	27.2	4.9	13.9	2.9	5.1	
Phoenix, Conn.....	5,909,532	40.4	50.4	9.2	..	1.9	27.1	6.0	9.5	2.4	3.5	
Piedmont.....	793,775	42.8	49.7	7.5	..	1.9	39.5	..	7.1	1.6	4.1	
Potomac.....	923,868	34.4	57.4	8.2	..	3.0	34.5	3.0	8.5	3.0	5.4	
Prov. Wash. & M.....	3,286,988	41.7	47.0	11.3	..	1.3	29.8	2.4	7.6	2.1	3.8	
Provident.....	549,917	48.4	55.9	-4.3	..	1.4	42.1	2.7	5.7	1.2	2.8	
Qua. City F. & M.....	226,249	61.8	59.9	-21.7	..	5.6	34.5	..	10.0	5.0	4.8	
Queen.....	5,594,355	44.6	53.1	2.3	..	3.6	27.7	..	9.4	3.4	4.1	
Reliable.....	309,120	45.5	60.8	-6.3	..	2.4	31.7	6.4	15.9	2.0	2.4	
Reliance.....	591,167	44.5	53.8	1.7	..	3.5	30.5	2.7	8.8	3.2	5.1	
Republic.....	2,306,887	33.9	61.1	5.0	..	2.6	35.7	3.3	13.7	1.6	4.2	
Rhode Island.....	1,831,583	46.6	58.3	-4.9	..	1.6	20.8	5.1	16.0	3.1	11.7	
Richmond.....	803,549	44.1	50.4	5.5	..	2.1	27.2	2.4	10.1	2.6	6.0	
Roch. Am.....	692,147	42.9	51.4	5.7	2.5	2.4	28.5	4.6	9.4	2.1	4.4	
Rocky Mountain.....	74,152	23.3	45.1	31.6	..	1.0	12.2	3.3	24.8	1.9	1.9	
Royal Exch.....	1,813,510	46.3	54.1	-4	..	3.1	29.4	4.4	9.5	2.5	5.2	
Royal.....	6,336,134	45.0	54.8	..	..	3.4	28.2	5.0	10.7	3.3	4.2
Safeguard.....	415,779	36.5	59.5	4.0	1.5	4.2	31.7	5.3	8.8	2.9	6.6	
St. Louis F. & M.....	216,479	28.5	87.1	-15.6	..	4.3	41.0	3.2	19.2	5.4	14.0	
St. Paul F. & M.....	5,829,870	38.7	46.7	14.6	5.9	1.3	22.8	7.2	6.6	4.0	4.8	
Scot. Union.....	2,243,126	44.9	54.0	1.1	..	5.2	27.0	3.5	11.5	2.8	4.0	
Sea.....	168,156	45.6	58.3	-3.9	..	3.6	36.0	-1.5	14.0	..	5.3	
Seab'd F. & M.....	557,998	47.7	41.6	10.7	..	2.1	14.9	4.3	12.0	3.6	4.7	
Seaboard.....	243,695	45.1	53.3	1.6	..	3.7	28.3	4.9	9.0	3.3	4.1	
Security, Ia.....	455,623	39.7	63.2	-2.9	..	3.0	29.1	7.3	15.6	2.8	5.4	
Security, Conn.....	2,963,488	42.1	57.4	..	..	3.3	26.8	9.5	9.6	4.5	3.7
Sentinel.....	284,974	41.6	51.7	6.7	..	1.5	29.0	4.1	8.6	4.4	4.1	
South British.....	114,284	33.3	52.7	14.0	4.2	1.2	31.8	3.8	9.4	3.0	3.5	
South Carolina.....	572,013	48.7	54.1	-2.8	..	1.4	49.1	..	1.6	..	1.2	
Southern.....	385,959	42.7	51.5	5.8	1.9	1.4	25.6	3.4	12.4	2.0	4.7	
Springfield F. & M.....	9,689,143	41.6	51.8	6.6	..	1.5	28.9	4.1	8.9	4.4	4.0	
Standard, Conn.....	1,647,010	37.6	52.9	9.5	2.7	2.4	24.1	6.6	12.4	2.9	4.5	
Standard, N. J.....	880,475	35.3	51.4	13.3	4.5	2.3	31.1	2.2	11.4	2.9	3.5	
Standard, N. Y.....	1,811,767	39.6	57.8	2.6	..	1.6	39.6	2.2	7.6	2.1	4.7	
Star.....	1,705,867	45.1	53.4	1.5	..	3.6	28.2	5.0	9.0	3.4	4.2	
State.....	586,723	46.3	48.9	4.8	..	2.2	25.0	5.3	9.4	2.4	4.6	
Stuyvesant.....	162,124	37.7	89.6	-27.3	..	2.4	17.8	6.6	48.2	5.4	9.2	
Sun.....	2,744,400	39.3	48.4	12.3	1.5	2.5						

(CONT FROM PRECEDING PAGE)

	Premiums Earned	Underwriting Ratios			Incurred Expense Analysis						
		Loss	Expense (exc. Fed. inc. tax)	Net Gain (exc. Fed. inc. tax)	Fed. Inc. Tax	Claim Ad- justments	Com- mis- sions	Field Super- vision	General Ad- minis- tration	Inspection & Bureau	Taxes & Fees
Westchester	3,654,857	41.2	57.5	1.3	..	1.4	28.9	5.1	15.0	3.1	4.0
Western, Can.	846,712	49.7	42.2	8.1	..	1.4	25.3	2.3	8.2	2.2	2.8
Western, Kan.	196,538	53.1	49.2	-2.3	..	3.1	26.7	1.9	11.6	1.5	4.4
William Penn.	58,536	61.3	255.4	-216.7	..	2.4	215.1	1.5	30.3	1.7	4.4
World F. & M.	1,113,393	45.7	44.1	10.2	..	1.3	28.2	2.7	5.2	2.7	4.0
Yorkshire	1,444,377	48.7	62.1	-10.8	..	2.3	32.4	4.8	12.5	4.2	5.9
Total Stock Co's 1938..	424,517,000	37.9	52.3	9.8	1.0	2.5	26.7	5.0	11.0	3.0	4.1
Total Stock Co's 1939..	415,004,000	41.5	52.3	6.2	1.0	2.7	26.9	5.1	10.9	3.0	3.7
Total Stock Co's 1940..	418,835,000	43.4	52.2	4.4	..	2.7	27.4	4.9	10.5	2.8	3.9
Total Stock Co's 1941..	434,342,000	44.2	52.9	2.9	..	2.7	28.6	4.8	10.2	2.8	3.8
Total Stock Co's 1942..	463,277,000	42.4	52.8	4.8	..	2.4	28.5	4.6	10.5	2.8	4.0

Mutual Companies

Abington	252,347	36.3	44.6	19.1	1.0	1.6	26.4	1.0	11.0	2.8	1.8
Allied Am.	78,373	42.5	26.0	31.5	..	8.7	-32.6	..	39.2	1.9	8.0
Atlantic	414,217	45.6	18.3	36.1	-1.1	..	-7.9	..	17.5	2.6	6.0
Badger	438,566	31.8	66.8	1.4	1.1	2.5	22.3	6.6	27.7	3.2	4.5
Berkshire	650,600	34.8	43.4	26.8	..	1.6	21.8	..	10.1	2.5	1.6
Cambridge	365,453	33.3	42.0	24.7	1.0	2.1	21.3	2.0	10.6	2.8	3.2
Central Mfrs.	3,062,087	38.5	40.3	21.2	..	1.9	19.4	2.1	10.3	1.5	5.1
Citizens	95,191	30.8	39.2	30.0	..	1.1	18.4	1.1	10.8	2.7	2.1
Dorchester	227,549	33.6	45.4	21.0	..	1.7	21.2	1.1	18.0	3.4	3.0
Employers	144,582	36.6	39.4	24.0	1.0	1.2	8.0	9.6	19.1	2.9	3.6
Farm Bureau	232,511	27.9	65.4	6.7	..	5.7	18.6	..	29.9	8.4	2.8
Farmers Alliance ..	535,287	39.0	54.6	6.4	..	3.1	28.0	2.6	17.2	1.3	2.4
Federal	488,316	35.6	39.1	25.3	..	1.7	20.5	..	17.7	2.1	2.2
Fitchburg	238,331	30.9	41.5	27.6	..	2.4	12.9	1.5	18.4	3.6	2.7
Grain Dealers Nat'l..	2,371,643	35.1	39.5	25.4	..	1.1	16.9	2.2	12.2	3.8	3.3
Hardware Dealers ..	3,857,673	34.3	31.6	34.1	..	1.2	9.0	2.4	13.6	2.1	3.3
Hardware, Minn.	3,595,647	36.3	38.3	25.4	..	1.6	10.1	..	19.8	2.5	3.5
Hingham	246,480	29.6	43.8	26.6	1.0	1.0	19.2	1.7	16.7	3.7	1.5
Holyoke	670,291	29.7	43.0	27.3	..	1.4	22.9	1.4	12.3	2.8	2.2
Indiana Lumb.	1,955,022	45.4	38.8	15.8	..	1.4	17.7	1.3	14.3	1.0	3.1
Lumber	1,292,155	40.8	34.7	24.5	2.4	2.3	11.5	..	14.0	4.1	2.7
Lumbermen's	2,045,273	37.6	40.2	22.2	..	1.7	23.1	1.7	10.9	..	2.8
Lynn	152,492	30.8	40.4	28.8	..	1.2	21.4	1.1	11.7	2.9	2.1
Merch. & Bus. Men's..	495,976	22.6	-42.5	119.9	..	..	-97.2	32.5	16.1	1.9	3.6
Merch. & Farm.	187,154	42.0	41.4	16.6	..	1.9	8.3	2.2	20.8	4.6	3.6
Merrimack	1,005,904	29.5	41.0	29.5	..	2.1	20.6	2.9	9.4	2.9	3.1
Mich. Millers	2,384,718	40.4	41.4	18.2	..	2.2	20.4	3.0	11.8	1.3	2.7
Mich. Shoe Deal.	118,999	37.6	43.4	19.0	..	1.5	23.9	..	16.0	1.3	..
Middlesex	539,254	35.2	39.9	24.9	..	1.3	21.8	1.4	10.4	2.8	2.2
Mill Owners, Ia.	1,995,742	37.5	39.0	23.5	..	1.4	19.1	4.5	8.5	2.5	3.0
Millers, Ill.	1,629,758	38.2	36.9	24.9	1.2	..	8.3	7.0	10.0	8.5	2.4
Millers, Pa.	614,366	35.8	42.9	21.3	..	..	14.4	6.6	16.7	1.4	2.9
Millers, Texas	902,030	31.5	38.5	30.0	..	1.6	15.2	3.4	13.5	..	4.1
Mut. F. & M. & Int.	621,339	69.1	40.5	-9.6	..	..	22.2	1.4	14.0	..	1.5
Mut. Imp. & Hard.	4,237,895	36.1	32.9	31.0	..	2.0	11.4	1.0	13.3	1.9	3.3
Nat'l Jewelers	73,117	11.5	48.5	40.0	..	..	..	..	39.5	2.0	5.2
Nat'l Retailers	1,578,518	33.9	31.9	34.2	..	1.4	16.1	1.3	7.8	1.6	3.7
N. Y. Merch. Bak.	27,584	21.6	40.7	37.7	..	..	..	2.6	30.2	3.9	3.3
Norfolk & Ded.	398,654	31.6	43.3	25.1	..	..	9	2.4	13.4	3.3	2.9
Northwestern	6,517,490	35.0	42.3	22.7	..	2.0	20.2	2.3	12.3	2.5	3.0
Oregon	998,778	38.2	47.6	14.2	..	1.6	19.8	1.7	21.0	1.2	2.3
Pawtucket	928,429	29.0	36.0	35.0	..	1.7	16.6	3.2	9.0	2.9	2.6
Penn. Lumb.	1,915,932	41.7	33.0	25.3	1.2	1.2	14.1	..	11.3	2.5	3.2
Penn. Millers'	892,628	36.4	42.1	21.5	..	..	18.1	2.7	13.0	4.3	3.1
Quincy	1,030,191	34.1	40.7	25.2	2.3	1.5	21.3	2.2	10.6	3.1	2.0
Suffolk Co.	11,213	36.9	57.7	5.4	..	1.4	19.7	..	34.0	..	2.0
Trad. & Mech.	252,580	38.4	47.6	14.0	4.2	1.6	18.4	3.6	15.9	4.4	3.7
Union	1,499,389	27.6	48.9	23.5	..	..	26.1	1.7	12.6	2.0	5.7
United	3,406,964	37.8	30.7	31.5	1.0	1.9	2.1	9.0	12.6	2.4	2.7
Vermont	548,931	33.8	43.0	23.2	1.4	1.1	18.2	1.5	17.5	1.5	3.2
West Millers	661,965	33.3	48.8	17.9	..	1.7	27.7	2.3	12.4	1.5	3.2
Worcester	655,481	30.8	32.7	36.5	5.6	1.3	9.9	..	14.6	3.2	2.8
Workmen's	97,713	43.8	64.3	-8.1	..	3.2	..	..	61.9	3.4	5.6
Total Mutual Co's 1938..	50,696,000	32.3	40.0	27.7	..	1.6	14.9	5.4	12.5	2.6	2.9
Total Mutual Co's 1939..	52,907,000	38.3	40.8	20.9	..	1.6	16.3	4.1	13.2	2.7	2.9
Total Mutual Co's 1940..	56,352,000	36.5	40.8	22.7	..	1.7	16.8	3.9	12.9	2.6	2.9
Total Mutual Co's 1941..	60,412,000	40.6	40.2	19.2	..	1.8	16.1	3.7	13.1	2.6	2.9
Total Mutual Co's 1942..	64,796,000	36.7	39.2	24.1	..	1.6	16.1	2.9	13.0	2.5	3.1

Factory Mutuals

Ark Mut.	3,131,915	9.4	15.2	75.4	..	..	..	..	5.3	4.6	4.3
Blackstone	3,422,837	10.2	9.9	79.9	1.0	..	..	..	1.5	6.3	2.1
Boston Mfrs.	4,089,434	10.2	13.0	76.8	1.7	..	..	..	5.9	4.6	2.2
Cot. & Wool. Mfrs.	2,148,735	10.9	12.5	76.6	2.8	..	..	1.1	5.3	4.3	1.5
Fall River Mfrs.	1,034,948	10.3	16.2	73.5	..	..	..	..	10.2	4.2	1.4
Firemen's	4,240,222	10.0	15.0	75.0	..	..	..	..	8.0	5.2	1.8
Manufacturers	10,647,901	9.0	11.7	79.3	..	..	..	1.1	3.5	4.5	2.6
Philadel. Mfrs.	1,111,147	10.7	12.5	76.8	1.3	..	..	..	6.6	4.6	1.1
Protection	1,335,681	12.7	15.3	72.0	1.2	..	..	2.5	8.6	3.1	1.1
What Cheer	1,609,473	10.8	13.2	76.0	..	..	..	..	5.7	6.7	1.8
Worcester Mfrs.	1,034,340	10.3	13.6	76.1	2.1	..	..	..	6.1	4.8	2.4
Total Factory Mut. 1938..	21,818,000	24.4	14.3	61.3	..	..	..	..	5.8	6.4	1.0
Total Factory Mut. 1939..	21,250,000	12.0	14.5	73.5	..	..	..	..	5.6	6.7	1.0
Total Factory Mut. 1940..	21,280,000	14.6	15.9	69.5	..	..	..	1.0	6.3	7.0	1.5
Total Factory Mut. 1941..	25,858,000	15.3	13.6	71.1	..	..	..	..	5.5	6.5	1.7
Total Factory Mut. 1942..	33,807,000	9.9	12.9	77.2	..	..	..	..	5.1	4.8	2.8

Reciprocals, Etc.

Am. Underw.	581,664	69.8	45.5	-15.3	..	2.7	..	..	38.3	..	4.3
Am. Exch.	181,934	27.7	52.4	19.9	..	..	..	..	48.8	..	2.7
Can. Exch.	2,016,087	50.0	34.6	15.4	..	..	30.7	..	1.0	..	2.1
Firep.—Sprink.	55,740	19.6	48.3	32.1	..	..	..	..	44.9	..	2.9
Individ. Underw.	397,137	31.9	46.8	21.3	..	1.6	..	..	41.0	..	4.1
Met. Int.-Insur.	265,041	72.5	34.6	-7.1	..	3.8	..	..	26.8	..	3.9
N. Y. Recip.	305,531	30.5	43.9	25.6	..	1.3	..	..	38.8	..	3.7
Subs. at Rec. Ex.	522,866	28.6	29.8	41.6	..	1.1	-2.3	7.2	18.7	1.2	3.9
Underw. Exch.	130,639	42.5	25.2	32.3	..	..	..	7.3	12.1	2.8	1.9
Warner Recip.	872,895	65.1	28.6	6.3	..	..	22.9	..	1.5	1.1	2.2
Bakers Lloyds	8,381	24.1	80.7	-4.8	1.1	1.9	..	..	75.1	..	3.7
Lloyds, N. Y.	62,037	80.9	-52.9	72.0	16.8	1.5	-100.4	..	27.6	..	18.4
N. Y. F. & M. Und.	63	..	55.6	44.4	6.3	..	33.3	..	17.5	..	4.3
Total Reciprocals 1940..	4,694,000	25.6	35.6	38.8	..	..	13.6	..	17.4	..	3.0
Total Reciprocals 1941..	4,935,000	38.1	34.1	27.8	..	..	14.9	1.2	13.9	..	2.5
Total Reciprocals 1942..	5,400,000	50.2	35.3	14.5	..	1.0	13.8	..	15.9	..	3.1

Advance Premium Co-operatives

Canton	101,017	47.3	41.3	11.4	..	1.5	14.1	3.6	18.5	2.5	1.1
Catskill Mt.	59,174	37.7	43.6	18.7	1.1	3.2	18.9	2.2	15.9	2.9	..
Co-operative	118,964	44.3	44.4	11.3	1.1	1.8	21.0	3.2	15.0	2.9	..
Dwell. Ins. Ass'n.	29,037	54.1	47.4	—1.5	..	1.0	24.8	..	19.3	2.1	..
Empire	123,633	39.2	49.6	11.2	..	1.9	22.0	4.5	16.7	3.5	1.0
Greene Co.	88,763	32.8	43.1	24.1	1.2	3.1	15.9	2.2	15.4	2.9	..
Home	164,918	30.8	53.6	15.6	..	1.4	18.0	3.2	21.8	4.3	4.9
Livingston Co.	20,091	30.9	28.3	40.8	..	.5	17.3	..	10.0	..	..
N. Y. Central.	151,296	41.5	52.0	6.5	1.0	4.4	17.0	5.8	20.1	3.9	8.9
Olive Co-op.	53,491	32.8	43.6	23.6	..	.6	19.3	.5	19.1	2.1	2.0
Oneida Co-op.	49,501	40.5	41.5	18.0	..	1.6	17.7	.6	18.0	2.9	7.7
Otsego	154,533	53.0	31.1	15.9	..	1.7	13.8	1.7	10.6	3.2	..

Fire Insurance Aggregates for 1942

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	Premiums Earned	Underwriting Ratios			Incurred Expense Analysis—General						
		Loss	Expense (exc. Fed. inc. tax)	Net Gain (exc. Fed. inc. tax)	Fed. Tax	Claim Ad- justments	Com- mis- sions	Field Super- vision	Ad- minis- tration	Inspection & Bureau	Taxes & Fees
Pioneer Co-op.	147,938	39.9	42.8	17.3	1.2	3.1	18.9	2.2	15.1	2.9	.6
Preferred	316,075	53.3	43.4	3.3	1.1	2.7	15.0	4.2	14.9	5.3	1.3
Security	112,506	42.9	42.2	14.9	1.0	1.6	17.8	1.3	18.1	2.6	.8
Sterling	122,747	45.9	42.0	12.1	1.2	1.7	21.1	.8	15.5	2.5	.4
Tompkins Co-op.	104,160	51.5	46.5	2.0	..	3.7	10.9	3.2	24.5	3.6	.6
Utica	156,869	35.7	54.6	9.7	1.8	1.6	22.1	3.2	20.6	4.8	2.3
West Seneca	2,840	2.8	38.4	58.8	..	..	2.6	1.2	34.0	..	.4
Woodstock	32,010	25.9	45.3	28.8	..	..	13.5	..	31.0	..	.2
Wyoming Valley	132,084	43.7	37.2	19.1	..	2.1	16.1	1.5	13.0	4.5	..
Total Co-operatives 1940	2,240,000	50.3	41.4	8.3	..	2.0	17.8	2.7	15.2	3.0	.7
Total Co-operatives 1941	2,208,000	49.1	41.5	9.4	..	2.3	16.9	3.3	14.5	3.6	.9
Total Co-operatives 1942	2,242,000	43.0	44.4	12.6	.7	2.2	17.6	2.8	17.1	3.6	1.1

Reinsurance Companies											
Am. Reserve	2,002,896	43.1	41.5	15.4	..	1.6	33.9	.2	5.5	.2	.1
Christ. Gen.	1,379,888	43.7	52.3	4.0	..	1.1	47.6	..	3.7	..	..
Const. Reins.	1,044,320	49.2	53.9	..	..	1.2	48.2	.2	3.5	..	.8
Eagle Fire, N. J.	526,215	61.4	54.3	-15.7	..	1.8	41.3	.9	8.1	..	2.2
Fr. Un. & Univ.	6,153	..	..	..	..	..	..	..	..	..	..
General Sec.	1,721,695	50.9	53.6	-4.5	..	1.9	46.6	.1	4.4	..	.6
International	2,081,585	58.2	48.9	-7.1	..	2.7	43.5	..	2.2	.1	.4
Inter. Ocean	2,088,205	43.6	59.0	-2.6	..	1.8	47.7	1.3	6.8	..	1.4
La Paternelle	5,512	35.9	164.8	-100.7	5.2	1.3	137.2	..	2.7	.7	22.9
Met. Fire Re.	1,473,628	58.5	43.8	-2.3	..	1.8	38.9	.1	2.6	.1	.3
Natl. Reins.	470,065	47.9	45.6	6.5	4.2	1.9	37.9	..	3.6	..	2.2
N. Am. F. & M. R.	26,341	66.6	129.4	-96.0	9.4	2.3	114.3	..	7.6	.1	5.1
North Star Re.	2,680,846	53.1	54.1	-7.2	..	2.5	47.5	..	3.1	.1	.9
Northeastern	1,796,897	58.9	23.5	17.6	..	1.8	15.4	.2	4.9	..	1.2
Prudential	2,868,663	58.8	40.6	..	..	2.0	32.5	..	2.6	..	3.2
Reinsur. Corp.	1,214,659	49.1	45.9	5.0	..	1.2	40.9	..	2.0	1.8	..
Skandia	1,840,232	60.5	50.7	-11.2	..	2.2	42.1	..	3.0	..	3.1
Swiss Re.	866,029	63.5	45.2	-8.7	..	2.2	40.2	..	2.5	..	.3
Union & Phenix	5,951,823	58.7	56.6	-15.3	..	2.0	51.9	..	1.9	.3	..
Union & Phenix	588,544	43.4	54.4	2.2	1.4	1.4	52.6	..	.2	..	.2
Urbaine	6,152	..	..	..	..	..	..	..	..	..	..
Total Reinsurers 1940...	25,246,000	57.0	49.5	-6.5	..	2.0	41.9	.2	3.8	.3	1.2
Total Reinsurers 1941...	26,205,000	59.1	52.8	-11.9	.3	2.0	45.4	.2	3.7	.2	1.3
Total Reinsurers 1942...	30,640,000	54.1	49.4	-3.5	.1	1.9	42.6	.2	3.4	.1	1.2

Late Casualty News

Soldiers Social Security Should Be Treated Alone

WASHINGTON — Separate legislation to deal with social security rights and benefits for men and women in the armed services will be proposed by Senator Vandenberg of Michigan, without awaiting Congressional consideration of the administration's over-all social security program for civilians as well as service persons.

"I am particularly interested at the moment," said Senator Vandenberg, "in those sections of the plan that deal with soldiers in regard to unemployment insurance and old-age pensions." The senator is a member of the finance committee which will handle any legislation on the subject.

"I asked the Social Security Board three months ago to develop the necessary legislation to protect the status of the men in the armed services in both particulars," Senator Vandenberg continued.

"I am promised a draft of the proposal and expect to introduce it. I am not prepared to say how it compares with either the President's program or Senator Wagner's bill, but I am prepared to say it will be adequate.

"As for the rest of the administration program, which contemplates security from the cradle to the grave, I agree that certain expansions in the social security act are indispensable as a part of our postwar economy, but the magnitude of the Wagner scheme precludes snap judgments and requires a long and searching study.

"Furthermore, I object to any approach to the problem of postwar security which is not primarily based on the release of American private enterprise to provide full employment in the traditional American way. We cannot substitute paternal government for healthy business as an American economic reliance unless we are prepared to substitute socialism for democracy in the United States."

It is pointed out that without any change in the social security act, the payroll tax of 1% each on employers and employees is scheduled to go up next

January to 2% from each, but for the last two years Congress has postponed that increase on a showing that larger reserves were not needed for present benefits.

Senator Vandenberg says he has asked Chairman Altmeyer of the Social Security Board "for full figures on the status of the reserve funds as of June 30, 1943, and his disclosure of the facts will determine, so far as I am concerned, whether the tax increase should again be stopped on Jan. 1, 1944.

"The reason the movement succeeded heretofore was because it was based on unassailable actuarial calculations. If another effort is to be made along this line, it will be similarly sustained, or not undertaken."

Increase of the S.S. tax to 6% each from employers and employees is proposed in the Wagner-administration bill, which would extend coverage to millions of farmers, domestic servants, and self-employed persons. It would also provide for new forms of social insurance including medical care, hospitalization, permanent disability, maternity care and death benefits.

While the bill provides for social security benefits, including unemployment insurance, for war veterans during a period while they might be seeking jobs, the cost of that portion of the scheme would be borne of the general treasury, according to the bill.

Calls for Intimate Dealing with Air Men

The idea of intimate dealing ought to be carried into the field of insurance and into all other fields essentially related to the aviation industry, according to E. Smythe Gambrell of Atlanta, who addressed the aviation insurance law round table of the insurance section of the American Bar Association in Chicago this week.

Mr. Gambrell stated that for many years it has been customary for airline executives to join with the executives and engineers of aircraft manufacturers in the designing of better planes and other equipment. There is a feeling of partnership and joint enterprise between the manufacturer and the airlines and they frequently have agreed jointly to finance engineering research and experimentation looking to the development of something new and better. The airlines

and the manufacturers deal with each other in greatest intimacy and frequently exchange with each other all pertinent engineering and economic information.

Joint effort, he said, on the part of airline executives and insurance executives would produce better aviation insurance markets and better aviation insurance servicing. Moreover insurance lawyers ought to concern themselves more with the ever changing facts of the industry in order to supply the progress in the law which is essential to keeping up with the aviation industry.

Government Undertaking

If the insurance business in the spirit manifested by those engaged in the engineering components of the aviation industry, he declared, will establish and maintain adequate domestic insurance and reinsurance facilities it would seem that the government's undertaking to provide aviation insurance would be without justification.

There is no place, he declared in aviation for the somnolent or the reactionary. Mankind has never been identified with a more progressive industry. A holding back, a failure to conduct the best research and to supply the greatest imaginative effort to any of the constituent industries, is to hinder aviation and to invite and deserve criticism from the government and the public.

Aviation is dependent upon good and adequate insurance arrangements and it is pertinent to inquire whether the insurance business has gone about its job in relation to aviation as seriously, as industriously and progressively as the aviation engineers have done.

Mr. Gambrell said that in considerable measure the insurance business like the law is bound down by tradition, established arrangements and familiar formulas. In the field of engineering and airline management there is ever present the combination of brains, hard work and daring. In the insurance field and in the law the disposition is to apply familiar and established formulas and arrangements to the changing needs and demands.

Ohio Trustees Ponder Reaffiliation

COLUMBUS, O.—It was reported here today that trustees of the Ohio Association of insurance agents at a meet-

Bar Group Studies Status of Minors, Silicosis Claims

The round table on workmen's compensation insurance at the meeting of the insurance sections of the American Bar Association in Chicago attracted a large crowd to hear discussions of the status of illegally employed minors under compensation law and of silicosis claims. C. W. Heyl, Peoria, chairman of the committee, presided, and A. J. Borah, chairman Illinois industrial commission, was an interested guest.

J. F. Hynes, Des Moines, vice-president Employers Mutual Casualty, discussed illegally employed minors and E. D. Alexander, Detroit, read prepared comments on the subject. W. E. Moser, St. Louis, who was scheduled to discuss silicosis decisions, was unable to attend and T. N. Bartlett, Baltimore, Maryland Casualty, read his paper. William Greene, Chicago, preceded Mr. Bartlett with a discussion of statements of legal authorities on the nature and cause of silicosis.

Present Situation Dangerous

Since it is obvious to anyone that minors are being employed contrary to law in great numbers under present conditions, Mr. Hynes said that the situation is highly dangerous and will undoubtedly cause many employers much trouble. The lack of uniformity in the different laws makes it more difficult. In general, he said, there are five classes of states, those providing no compensation benefits, but leaving the door open to common law suits; those putting illegally employed minors in the same status as those lawfully employed; at least one state allowing compensation plus a right of the minor's parent to sue at common law; a number of highly industrialized states providing for compensation benefits plus a penalty; and a few states giving the minor the option of a compensation claim or a common law suit. Mr. Hynes included a chart of the attitude of the different states in his paper.

In almost all cases, compensation and common law, Mr. Hynes said, lack of knowledge of the employee's age, or even deceit when the job was obtained does not help the employer.

Believes Trend Emerging

Although agreeing with Mr. Hynes on the present lack of uniformity, Mr. Alexander said he believes there is a definite trend in the more industrialized states toward exclusive compensation remedies and this may eventually become uniform.

Mr. Bartlett's paper pointed out that there have been few new common law cases adding anything to the law on silicosis. Employees have won most of these cases, but there must be a showing of negligence or violation of health and safety regulations by the employer, not merely a contraction of the disease. There is a variation in states as to when the statute of limitations begins to run, some holding it runs when the employee is disabled and others when he first notices symptoms. There was considerable open discussion on this point.

Mr. Heyl announced that a major subject for next year would be post-war compensation problems of impaired employees returning to work.

ing this week, received among other reports one from the committee on reaffiliation with the National association. This committee did not recommend that reaffiliation be effected at this time. However, action was taken to present to the convention of the Ohio association in October an amendment to the constitution giving the membership the opportunity to place in the hands of the trustees authority to carry on negotiations and effect a reaffiliation in event that subsequent developments make this possible.

Eyes Questions of Liability in Construction Work

K. B. Cape of the law firm of Lynch, Day, Pontius & Lynch, of Canton, O., in addressing a round table session of the insurance section of the American Bar Association in Chicago, recommended that the owner of premises who undertakes a construction operation involving a general contractor and one or more sub-contractors have proof submitted to him that the general contractor, if he is doing any of the work, and that the sub-contractors have each obtained primary coverage in the form of contractors public liability policy; that the general contractor has secured a contractors protective liability policy together with a contractual liability endorsement, if the general contractor has assumed any liability of the owner or has agreed to hold him harmless, and the owner should purchase an owner's protective liability policy to protect him against claims and the necessity of defending suits asserted against him alone or as a joint defendant with general contractor or sub-contractor, or both. These policies, he declared, do not overlap and the cost of such coverages is not prohibitive. He recommended that all liability insurance be carried on the same building with the same insurance company.

Provide Much Litigation

Mr. Cape said claims arising out of alleged negligence on the part of the owner, contractor or sub-contractor have provided much litigation and there are many cases that adjudicate the rights of the various parties under the particular facts of the case.

Despite the general principle that the employer of an independent contractor is not subject to liability for injuries caused by the negligent act or omission of the independent contractor or his servant, it is almost always possible to circumvent it or at least to present a jury question as to the employer's liability. If the employer fails to exercise care in any one of several particulars and injury is thereby caused to others to whom the owner owes a duty of care, he is liable because of his personal fault. The employer's liability must be based upon his own personal negligence in failing to exercise ordinary care in giving the orders or direction in pursuance of which the work is to be done; or in failing to exercise such care to employ only contractors competent to do the work with reasonable assurance of safety to others; or in failing to exercise care in inspecting the work after it is done or sometimes during its progress, or in failing to exercise care to provide for the taking of such precautions or in failing to exercise with care such control over the doing of the work as the employer retains to himself.

Non-Delegable Duty

Moreover there are situations in which the employer owes a non-delegable duty to others to make the work reasonably safe in which the employer is subject to liability for injury caused by negligence of the contractor which results in the work not conforming to the required standard of safety.

Many close questions may arise as to when the construction work is completed. The general rule is that an independent contractor is not liable for

injuries suffered by a third person after the contractor has completed the work and turned it over to the owner or employer and it has been accepted by the latter even though the injury results from the contractor's negligence. The same rule is applied to sub-contractors.

Congressman Tells of Some Activities

(CONTINUED FROM PAGE 2)

Congressman Ellis referred to the Hobbs bill before Congress making it unlawful for any person, firm, company or association to sell insurance by mail or radio except under the laws of the state where the sale is made. There is strenuous opposition, he said, to it. The chief opponents are clergymen because of the church insurance companies, factory mutuals, traveling men's accident and health associations and other concerns that are licensed only in their own home state but sell in all states.

He spoke of the federal bonding bill sponsored by McCarran providing for a government insurance bonding company to serve federal officials. The bill seeks \$500,000 to establish it. The claim is made that the loss on federal bonds has been very low for the past six or seven years. The private companies are being attacked for not reducing rates. This is brought out in the Carenver bill controversy. The loss ratio he said was 6% or 7%.

Congressman Ellis said that he favors the Hobbs bill but he is opposing the government entering private business of any kind. He is opposed, he said, to the rural electrification and federal bonding schemes.

Present Congress More Independent

Congressman Ellis said that Congress has not stopped in 10 years in its move toward a socialistic goal. While it hasn't reached its objective yet it is endeavoring by leaps and bounds to get there. However, he said the present Congress has shown more independence and in his opinion it will exhibit more when the members of the House return. He said that the tendency of Congress so far as he can see it is to take the government out of the field of private business. The present Congress abolished the Home Owners Loan Corporation, Federal Crop Insurance Corporation and almost the Federal Farm Bureau, which he said is hanging by the skin of its teeth.

Opportunity Lost

It would seem that the fire companies overlooked a very advantageous public relations feature as no attention was paid to the insurance story of the big storms in Texas and in Peoria, Ill. Here was an opportunity for the finest kind of publicity insurance-wise. In both states there was an admirable chance to dramatize in striking form what the insurance companies and agents were doing in connection with adjusting and paying losses.

The papers were anxious to get all the information they could regarding the various angles of the storm story. There were adjusters brought in from all sections of the country. Some were sent by airplane. It was necessary to call loss men outside of the adjusting bureaus. The adjusting bureaus shifted men at various branch offices to the storm area. There were hundreds of adjusters on the scene. Company groups established quarters. The National Board sent its catastrophe equipment and experts to look after it. There was the utmost precision followed in the adjustment procedure.

There were contractors and craftsmen, brought from various sections to assist in making repairs. Steps were taken to get material from all sections. The insurance companies did a great piece of work. It was a tremendously interesting

Spain New Head Insurance Section

(CONTINUED FROM PAGE 2)

child is affected directly or indirectly through the various lines. Further, by investing over half their current income in government securities, the insurance companies are fighting a great battle against inflation.

Col. H. H. McCoy, Washington, director of insurance of the Veterans' Administration, was the other speaker on the opening program, which was concluded with reports of committees. Tuesday was given over to ten round table discussions sponsored by the various committees. The final session was a general one, featuring Commissioner Gontum and Congressman Randolph and election of officers.

"If Paul vs. Virginia falls," Mr. Gontum declared in his address, "then our legal system as we have known it falls. No decision of the U. S. Supreme Court will have any more standing as a precedent than the opinion of any nine lawyers. No lawyer will be able to give his client any reliable advice about the law and 'the Supreme Court will speak as an oracle, not as a court.'"

Mr. Gontum reviewed Paul vs. Virginia and subsequent cases which have upheld it and also the S.E.U.A. and Polish National Alliance cases now pending, pointing out that while the Supreme Court has extended the interstate commerce clause many times it has never deviated from Paul vs. Virginia. He also reviewed the history of state supervision and urged insurance men and lawyers to join the fight against the spread of federal bureaucracy.

A number of insurance executives and representatives of insurance organizations were at the sessions. Insurance Commissioner C. C. Fraizer of Nebraska was at the dinner and the meetings, as were Ernest Palmer, former Illinois insurance director, Lester F. Beck, chief of the navy insurance division, G. E. Morrissey, in charge of insurance for the army engineer corps, and H. E. Hilton, assistant manager insurance division of the U. S. Chamber of Commerce. Lieut. Col. J. H. LaBrum, Philadelphia, vice-chairman of the insurance section for the past two years, who has been promoted from major in the signal corps, was also present.

Heavy Losses Seen in Explosion at Kearny, N. J.

(CONTINUED FROM PAGE 1)

low the concentration at which a spark or flame could start an explosion. The building, five stories high and built of concrete, was completely demolished.

Destruction would have undoubtedly been less had there been explosion vents which are usually employed in buildings where there is an explosion hazard. Another factor was that the building, which was used for drying camouflage nets after they had been painted, ran from grade level to a roof without any intervening floors that might have helped absorb the shock of the explosion.

In addition to the fire and extended coverage insurance there will be a substantial use and occupancy loss. The insurance was placed through Johnson & Higgins.

Berrett to Los Angeles

WASHINGTON—Ray Berrett, who has headed the RFC insurance division for some time, is being transferred to the RFC Los Angeles office. Mr. Berrett has not been in good health for some time. H. R. Stephenson remains his administrative assistant, insurance division.

human interest story in showing what the fire insurance industry does in case of emergency of this kind.



IN TUNE WITH THE TIMES

Insurance agents have a new story to tell today about fire insurance. Its emphasis is on the danger of under-insurance, brought about by today's increased values. Camden Agents are supplementing their personal calls with a new, fire folder that tells today's fire insurance story dramatically, concisely, persuasively. It typifies the in-tune-with-the-times spirit of this 102-year-old capital stock company. Like to join hands with us?



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EDITORIAL COMMENT

Riding New Trends to Success

Times like the present that are full of rapidly shifting new developments are likely to prove confusing but they furnish an unusually fine opportunity for the younger men of executive caliber to prove their resourcefulness and their capacity for advancement. In more normal times, when changes evolve slowly, the younger executive who is determined to go places, even though he has ability, finds himself in the shadow of the older man in his field who has not only the ability but long experience.

When there are kaleidoscopic changes, however, there is more of a premium on ability, intelligence, ingenuity and the ability to pioneer than there is on experience, which, unless coupled with a high order of ability may lead the experienced man to rely too much on experience gained during conditions that were not entirely comparable with those he now faces.

Many men who have made names for themselves, both within the insurance business and outside it, have deliberately picked out some new trend and made themselves more expert at it than their fellows. For example, some 30 years ago workmen's compensation insurance was a new thing and full of complexities—which, incidentally, it still is. The late Leon S. Senior, at that

time a young man working in the New York insurance department, realized that when compensation insurance went into effect there would be many involved problems and that it would need a real expert to have any hope of coping with them. He set out to make himself the best informed man in the country on workmen's compensation and when New York awoke to the need of finding a qualified man to head its rating bureau Mr. Senior was the inevitable choice and he was of course able to command a handsome salary.

Mr. Senior's experience is characteristic of that of many other successful executives. The field may be tax developments, social security, personnel problems arising out of labor legislation, or many other fields, but the pattern is the same. They have sized up what they believe to be future trends, picked out one that seemed most potentially fruitful, or that interested them most, and made themselves outstanding in it.

If changes arising out of war conditions seem numerous and extensive it seems certain that they will be even more so during the readjustment period after the war and probably for many years after that. There should be scant excuse about being held back by lack of new fields to master.

Fire Prevention Week

The fire insurance industry is putting on a new uniform for participation in Fire Prevention Week, so to speak. There is more enthusiasm and more determination to have the week made more vital and prominent than ever before because it is necessary to conserve and to protect. The National Board, National Fire Protection Association, Underwriters Laboratories, state fire prevention associations and other bodies are stirring up sentiment in favor of this particular event.

It is the one week of the year when

fire insurance has an opportunity to stress one of its chief objectives—to conserve and protect property and life. As the years have gone by insurance itself has been responsible for many improvements in fire defense and fire protection. It is no longer an academic subject. It is a moving one and all along the line insurance people particularly this year during the war when food products are scarce and materials almost unavailable for ordinary building are stressing the need of personal interest of policyholders in this important work.

Catastrophic Losses Still With Us

Insurance people and fire protection experts generally agree that a serious conflagration in large cities is more or less something of the past. With modern fire defense it has been possible to confine a fire within very narrow limits. There has not been what might be called a general conflagration for years. We all therefore appreciate what constructive work has been done in fire fighting and what results have been obtained. Cities therefore are

much safer and do not dread the possibility of a conflagration as they did years ago.

However, we now have what might be called another form of "conflagration," or to use a better term "catastrophe." We have seen them in recent times and there seems to be no human way to alleviate or control the powers. We refer to tornado and hail losses. Take, for example, just recently, we had a major disaster in the Houston and

Galveston areas and up in Illinois in the Peoria district. Thousands of claims are being presented. Local agents have been pushing the sale of extended coverage so that most property owners now carry that form of insurance where tornado and hail are included.

Some years ago tornado insurance itself was not so universally sold. Probably, for example, in a city like Chicago only one-tenth of the people carried tornado insurance. Now with the extended coverage policy the percentage of the tornado and hail insurance is high. Hence we are destined to have these disasters with their thousands and thousands of claims. Hail accompanying wind makes an arch enemy to safety. It is a destructive agency.

All that the insurance people can do is to be prepared to take care of the claims en masse when such arise. They cannot be prevented. The adjusting bureaus, the independent adjusting offices, the National Board and other bodies have machinery and manpower

ready on an instant's notice to take charge of a situation of this magnitude. Even in these days when institutions are pressed for help the insurance industry assumes an heroic character and has its claim men on the ground in short order. Disasters of this kind require weeks and even months of labor. There are thousands of small claims that have to be looked after. Today the work is far more tedious than heretofore on account of the lack of carpenters, contractors, and materials. Priority is given to adjustment and repair of those industries that have to do with war effort. Therefore there will be much waiting and wailing as the days go by because so many people will not be able to get their work done. Yet those insured will be able to get prompter service because insurance companies are splendid pay and are important buyers. Even in these discouraging days it pays to insure to obtain some sort of service and earlier attention than could be gotten by one uninsured.

PERSONAL SIDE OF THE BUSINESS

Morton T. Jones, president of Kansas City Fire & Marine and managing director of R. B. Jones & Sons, and **Earl Wilkins**, comptroller for the two companies, visited the Chicago office of R. B. Jones & Sons last week.

Vice-president Reid Cloon, manager of the Chicago office, entertained his visitors by taking them on a sailing trip on the lake. They were becalmed several miles out, and since Mr. Cloon's ship is strictly a racing craft without auxiliary power, they were compelled to wait for a breeze and the two visitors missed their train and were forced to remain in Chicago until the following day when plane reservations were secured.

William J. Welsh, member of the agency of Mann, Barnum, Kerdolff & Welsh of Kansas City, while still on crutches, is back at his office after an absence of several months. Mr. Welsh, who is chairman of the executive committee of the Missouri Association of Insurance Agents, suffered a serious accident last May when his foot became entangled in an electric grass mowing machine.

Ensign Cary W. Jones, Jr., and Miss Mary Elizabeth Weir were married at Parsons, Kan., last Saturday. Ensign Jones, who is the son of Cary W. Jones, vice-president of R. B. Jones & Sons, and treasurer of Kansas City Fire & Marine, was graduated last week from midshipman school at Chicago.

Frank J. Agnew, in charge of public relations activities for the National Board in the eight western states, returned to his San Francisco headquarters following a trip to New York and the Pacific northwest.

John C. Blackall, former Connecticut commissioner, is resuming the general practice of law in association with his brother, Charles H. Blackall, at 36 Pearl street, Hartford. He is a graduate of Georgetown law school and before be-

ing named as commissioner in 1935 practiced law in Hartford. He was a member of the state senate in the 1933 and 1935 sessions.

Thomas E. Wood, prominent Cincinnati local agent, has been endorsed by the Cincinnati detachment, Marine Corps League, for national commandant. Mr. Wood is commandant of the Cincinnati unit. The convention is being held in New York Sept. 2-4. He has been endorsed by many units in other states.

Manager **T. M. Gray** of the Ohio Association of Insurance Agents attended the trade association executives convention at Northwestern University in Evanston, Ill., last week. He was accompanied by Mrs. Gray.

J. F. Dissell, assistant secretary of Automobile and Standard Fire, and **C. H. Miner**, superintendent of the field accounts department, will observe their 25th anniversaries with the Aetna Life group Sept. 3. Mr. Dissell entered the insurance business in 1910 with Scottish Union, later going to National Fire and subsequently Phoenix of Hartford. He joined Automobile in 1918 as an examiner and was promoted to special agent at Syracuse, N. Y., in 1923. He returned to the home office as agency superintendent in 1926 and was elected assistant secretary in 1937.

Mr. Miner joined the Aetna organization in 1918. In 1924 he became superintendent of accounts and in 1928 he was given charge of all collection and home office agency accounting work. In 1936 the cancellation, comptometer-control and general typing departments were placed under his supervision.

In commemoration of his 80th birthday, about 20 of his company associates tendered **R. T. Huggard, Sr.**, a luncheon in Columbus, O. He has been in fire insurance work 60 years. For many years he has been state agent of Great



THE NATIONAL UNDERWRITER

PUBLISHED EVERY THURSDAY

Published by THE NATIONAL UNDERWRITER CO., Chicago, Cincinnati, New York.

EDITORIAL DEPT.: C. M. Cartwright, Editor. Levering Cartwright, Managing Editor. *News* Editor. *Business* Editor. *John F. Wohlgenuth*, President. *Howard J. Burridge*, Vice-President and Secretary. *John Z. Herschede*, Treasurer.

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"DON'T UNTIE HIM UNTIL WE'RE FULLY INSURED."

American and is a vice-president of American National Fire.

Herbert A. Clark of Chicago, vice-president Loyalty group in the west, is spending his vacation on the ancestral acres near Chelsea, Mich. He goes there every summer with his family. It was there that he was born and raised and from the farm went to the University of Michigan. He and two members of his family have inherited the property.

DEATHS

Edmond I. Crockett, senior member of E. I. Crockett & Co., well-known general agents of Pueblo, Colo., died there. He had been a resident of Pueblo for 55 years. The general agency, operating in Colorado, Wyoming and New Mexico, was established in 1881. Two sons and two daughters survive.

J. Burr Taylor, special representative of the fire prevention department of the Western Actuarial Bureau, died following a heart attack. He had been in failing health for about a year. He underwent an appendicitis operation three weeks ago. Mr. Taylor was widely known in the insurance business here particularly among field men. He did a great deal of traveling and lecturing in the interests of fire prevention and protection.

Mr. Taylor was born in Tecumseh, Neb., in 1882. He went into the insurance business in a local agency in Omaha and later was a partner in the Colvin & Taylor agency in Sioux City, Ia. He became state agent for Iowa and Nebraska for Norwich Union and was also secretary of the Nebraska Fire Prevention Association. It was at that time that he served as most loyal gander of the Nebraska Blue Goose.

Went to Kansas City

After a short period with the Western Adjustment Mr. Taylor went to Kansas City where he was for three years secretary of the Citizens' Fire Waste Council, after which he went to St. Louis as secretary of the Missouri State Fire Prevention Association. He was wielder of both the Heart of America and of the St. Louis Blue Goose.

At the funeral service, R. E. Vernor,

manager of Western Actuarial Bureau's fire prevention department and for many years a personal friend and business associate of Mr. Taylor, paid tribute to Mr. Taylor's character and ability.

Mr. Taylor's activities in the fire prevention department included being secretary of the annual fire department instructors' school conducted by the Western Actuarial Bureau.

John G. V. Bunbury, formerly with Fire Association in San Francisco, who enlisted in the Royal Air Force several months ago, was killed when his plane crashed near Falcon Field, Ariz. Mr. Bunbury also had been with United States Fire and Swett & Crawford and several years ago made the highest grades in the F.U.A.P. training course.

Frank D. Denton, who retired as secretary of Atlantic Mutual in 1938, died at his home at South Egremont, Mass., at the age of 70. He went with Atlantic Mutual in 1889 and became secretary in 1925. He was at one time secretary of the Maritime Association of the Port of New York and was treasurer of the Life Savings Benevolent Association of the City of New York. He was vice-president of the Great Barrington Rotary Club and the South Berkshire Chamber of Commerce.

Oscar W. Schmidt, Chicago broker and former class 1 agent of the Chicago Board, died at his home in Wilmette, Ill., after an illness of 18 months. He was a member of the Cook county civil service commission and was former county commissioner. At one time he was president of the Wilmette village board. He served as president of the Illinois Bowling Association for eight years and the Chicago association for 30 years. He had been in the insurance business for some 30 years. He leaves two sons and a daughter, Mrs. Harry N. Kerr, whose husband is an agent of Travelers in Chicago.

Mr. Schmidt was 73 years of age. He suffered a severe heart attack 18 months ago and had been in more or less precarious condition ever since although he was able to go to his office occasionally. His business was looked after very successfully by Miss Charlotte Fleischauer, his assistant. A year ago Mr. Schmidt surrendered his class 1 membership in the Chicago Board and became

a broker in the office of Cramsie, Laadt & Co. The funeral was held from the Wilmette Baptist Church. One son, Edward B., is a technical sergeant in the medical supply corps at Camp Beal, Cal. The other son, Frederick H., is a lawyer in Chicago.

Frank H. Cutshall, 67, Fort Wayne, Ind., president of the Northern Indiana Insurance Agency, died after a month's illness. He was also president of the Wayne Hardware Co. and First Joint Stock Land Bank, chairman of the board of the American Steel Dredge Co., and American Steel Supply Co., and director of other firms. His son, Capt. Dean F. Cutshall, who is vice-president of the agency, will continue the business.

C. S. Ireland, 68, vice-president of Western Mutual, died at his home in Urbana, O.

James V. Calhoun, 40, manager of the insurance department of Lipscomb-Ellis Co., Atlanta, and widely known as a singer, was accidentally killed when a gun he was carrying fell and was discharged. At the time of the accident he was investigating a noise at the rear of his home. Mr. Calhoun joined Lipscomb-

Ellis more than a year ago after a long affiliation with Haas & Dodd.

R. B. Bowen, of Houston, Tex., senior member and founder of the R. B. Bowen & Co. agency, established in 1912, died from a heart attack at his home Aug. 18.

Jesse C. Green, 80, who was engaged in the insurance and real estate business for more than 50 years, died at his home in Lakewood, O. Mr. Green entered the insurance business in Meriden, Conn. He later operated in Bloomfield, N. J., and Philadelphia. He moved to Cleveland in 1911.

Roy Litaker, 29, who was associated with his brother, Charles Litaker, in his agency in Charlotte, N. C., died there.

The first evening meeting of the Insurance Women of Wichita will be held Sept. 1 with a program on the new Kansas fire rates and revisions, new fire rule book and new automobile manual. E. B. Fergus, Kansas Inspection Bureau, will be discussion leader.

The New Mexico Association of Insurance Agents will not hold its annual meeting this year.

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Boiler Rewriting Rash Now Breaks Out in New York

Filing of Separate Manuals Precipitates Wholesale Overhauling of Coverage

NEW YORK—As a result of Hartford Steam Boiler and National Bureau of Casualty & Surety Underwriters filing their separate manuals, New York is now going through the same feverish job of wholesale rewriting of boiler and machinery business that the rest of the country experienced a few months ago. By and large, the business is being rewritten in the same companies to take advantage of lower rates and broader coverage.

However, it is reported that some good sized accounts have gone over from Hartford to the bureau camp, as it is in the higher brackets that the bureau's premium difference is most pronounced. Farther down the scale it depends more on the setup of the individual risk whether the Hartford or the bureau premium is lower. On some large risks the bureau premium is more than one-third lower than that of Hartford.

Big Difference in Premium

Where competition on a risk hitherto insured in Hartford is involved, the question usually boils down to whether a big risk is so much sold on the Hartford's reputation in the insurance and inspection field as to be willing to overlook a difference in premiums. Naturally Hartford faces the same difficulty in weaning away a bureau company's insured where the latter is well satisfied with his present inspection and claim service. This attitude tends to keep insured where they are as regards company if they are satisfied with the service they are getting whether the coverage is bureau or non-bureau.

Difference in Coverage

The fact that there is a difference in coverages as well as in cost makes it difficult for brokers to recommend either Hartford or a bureau company when the coverage is being rewritten. The safest course is to give the insured the complete picture and let him choose which company he prefers. This situation consumes a great deal of a broker's time, for it means sitting down and having a personal conference with the insured's insurance manager in almost every case.

Gradation of Cost

Some brokers feel that even though they make less commission the bureau's plan of grading commissions as well as premiums by size of risk is sounder than grading the premium only as Hartford does. Also in the case of risks big enough to produce a fairly credible loss experience brokers have pointed out that unless loss experience on the new rates proved favorable enough to warrant their continuance the insured with the less favorable ratios could expect to find their policies canceled before the end of the term. It is believed that for some types of risks at least the rates are down to a point that the companies cannot long live with.

National Automobile, Manufacturers Casualty and Highway Underwriters of Texas have become licensed in New Mexico.

CAB Spokesman Takes Friendly Attitude

General Counsel Removes Sting from Previous Slams at Aviation Insurers

The aviation insurance markets, which were subjected to severe scolding in the report several months ago of the Air Transport Association and whose place has been threatened by legislation introduced in Congress, can take much comfort from an address that was made this week by Webb Shadle, general counsel of the Civil Aeronautics Board. He addressed the aviation insurance law round table meeting during the course of the convention of the Insurance Section of the American Bar Association in Chicago.



Webb Shadle

He displayed a friendly spirit towards the insurance interests and predicted that there will be no necessity for legislation to authorize the federal government to enter the aviation insurance business, unless possibly it would seem desirable to authorize the federal government to aid the domestic insurance companies in solving reinsurance problems. And even such legislation, he declared, will not be enacted if reinsurance is bought from domestic companies.

At the meeting of the International Association of Insurance Counsel in Chicago in June Paul Reiber of the Civil Aeronautics Board's legal staff, stirred quite a controversy because of certain criticisms that he leveled at the aviation insurers and he was subsequently challenged as to certain of the facts and figures that he cited. Mr. Reiber, it was charged, exaggerated the extent to which aviation reinsurance is placed abroad. He alleged that American aircraft insurance carriers are sending 65% of their premiums to foreign reinsurers. And he was sharply challenged in that statement. He also quoted the Air Transport Association report as indicating that American insurers which belong to the aircraft underwriting groups have tried to freeze the market by agreeing not to reinsure any other carriers without permission of the entire group.

Tone Is Reassuring

Although Mr. Shadle alluded to the question of foreign reinsurance, indicating that the government is desirous of having a completely national insurance market, the tone of his speech was most reassuring and should be a relief to the aviation insurers which have been the victim lately of menacing criticism from Washington quarters and in the report of the Air Transport Association. Mr. Shadle referred to the following statement that was made in the Air Transport Association report:

"If the airlines (air carriers) cannot insure against the principal risks they will encounter during the coming growth period, if the insurance carried is financially unsound, or if the machinery for covering risks and meeting claims does not function with maximum efficiency, to that extent will the growth and development of air transportation obviously be hampered."

Mr. Shadle proceeded to remove the sting from that sentence by saying:

"This is a negative statement. Hence it may be fair to assume that if the carriers can insure against principal risks

(CONTINUED ON PAGE 37)

Bar Committee Assails Lea Bill for Federal Insurance

The committee on aviation insurance law of the insurance section of the American Bar Association in Chicago this week endorsed certain phases of legislation that was introduced in the last Congress and that promises to get renewed attention, but expressed strong disapproval of any legislation "which will result in the federal government setting up another bureau in competition with private American enterprises."

The committee condemned HR 1992 that was introduced by Congressman Lea to provide for a system of federal air insurance and reinsurance. Such legislation, according to the committee, can cause results adverse to the interests of existing American air line insurance markets, whether they are represented by stock insurance companies, organized groups, or mutuals. The committee recommended that the bill be disapproved and that the incoming aviation insurance law committee be directed to work against the passage of such legislation.

The committee expressed approval of the work being done by the Congressional committee on interstate and foreign commerce in investigating the question of liability of carriers by air to passengers and shippers and persons and property owners on the ground. It recommended that the work be continued to bring about the enactment of federal law in this connection. Approval was also given to the provisions of HR 1012 providing for investigative consultation with state agencies and report to Congress from time to time concerning aviation insurance matters.

LIVELY DISCUSSION

The round table discussion at which Mr. Shadle talked was one of the high points of the insurance section, in both attendance and interest, indicating the importance of aircraft insurance in the opinion of insurance attorneys. W. P. McDonald, Memphis, chairman of the aviation insurance law committee, who presided, said that the importance of this subject is attested by the fact that in the last 90 days 85 applications have been filed for air line operations, covering over 400,000 route miles throughout the United States, and that 875 such applications are now pending.

Gambrell Reviews Field

Prior to Mr. Shadle's talk, E. S. Gambrell, Atlanta, general counsel Eastern Air Lines, pointed out the multitude of businesses and professions involved in the aviation business and that the United States, by act of Congress, has made the development of aviation a matter of public policy. He said that aviation needs good and adequate insurance arrangements and that insurance and law are committed to tradition, in contrast to engineering and other professions utilized in the physical development of aviation.

Reinsurance Possibilities

In spite of tradition, Mr. Gambrell said, many changes have been made in the law because of aviation, notably in property rights, jurisdiction over air space, torts and international law. The specific charges against insurance, particularly slowness in adapting forms and rates and lack of capacity in the American reinsurance market, show that in-

(CONTINUED ON PAGE 31)

A. & H. Survey Is Launched by Social Security Board

To Be Conducted by Ralph H. Blanchard of Columbia University

A survey of accident and health insurance in this country is now being conducted by the Social Security Board as part of a broad program of studies in the field of social insurance.

Ralph H. Blanchard, professor of insurance in Columbia University and president of the Casualty Actuarial Society, is making the survey. He was appointed consultant for this purpose to the board's bureau of research and statistics.

A questionnaire to secure the basic experience figures of the years 1938-1942, inclusive, is being sent to all of the more than 500 insurance carriers doing an accident and health insurance business. Tabulations to be prepared from the figures obtained will show the volume of business, the allocation of disbursements, and the net underwriting results of the period.

Segregation of Business Required

The questionnaire requires separate reports on commercial, hospitalization and care (excluding group) written under separate contracts, group (including blanket), non-cancellable (broad coverage), franchise (including railroad business), monthly premium, weekly premium industrial, limited, medical payments (under liability policies) and miscellaneous business, including installment-payment and other special types, for the five years 1938-42. Disability insurance written under life disability clauses is not to be included.

Items to be reported include premiums written, losses paid (excluding claim expense), total expenses (including claim expense), acquisition expenses, dividends or other refunds paid to policyholders, increase or decrease in unearned premium reserves, loss reserves and reserves for dividends or other refunds to policyholders for the five-year period, number of policies in force (treating each certificate under a group policy as a separate policy) and number of policyholders Dec. 31, 1942.

To Be Significant Contribution

The social security act directs the Social Security Board to study and make recommendations to Congress as to the most effective methods of providing economic security through social insurance. The present survey is expected to make a significant contribution to the discussion of disability insurance which is now a subject of active public interest.

Mr. Blanchard's report—a factual statement and analysis of the methods and experience of the business—will be based on careful study of the figures and of other information which is being accumulated, together with their interpretation in the light of conditions peculiar to the accident and health branch of insurance.

The advice and criticism of men ac-
(CONTINUED ON PAGE 33)

Surety Must Be Wary If Estate Owns a Business

There are so many pitfalls for the fiduciary when an estate includes an interest in a business that both the fiduciary and his surety have ample reason for the greatest care and watchfulness. A. C. Holmes, attorney of United States Fidelity & Guaranty, pointed out in his address before the insurance section of the American Bar Association.

These hazards include the fiduciary's chances of becoming personally liable for financial losses, the risk of his exceeding his authority under the trust instrument, statute or court order, and the uncertainty and limitations which affect the fiduciary's right to compensation. Because of all these contingencies an estate which includes an interest in a business can hardly be attractive to either the fiduciary or to the surety unless adequate precautions are adopted at the beginning, Mr. Holmes emphasized. He said that the fiduciary himself should be a person of good business judgment or one who will place such a person in charge of the business and follow his advice.

Statutes Are Inadequate

An obvious need is more adequate statutes, which will protect not only executors and administrators, but also guardians, committees, trustees, and other fiduciaries in the continuance of a business when it is for the benefit of the estate to do so. Finally, whoever is drafting the will or trust instrument in such cases should by all means consider the wisdom of including suitable provisions by which many of the dangers can be avoided.

When an executor, guardian or trustee has qualified with corporate surety and the estate includes an interest in business, the bonding company may be expected to display more than ordinary curiosity and concern about the estate's management, Mr. Holmes pointed out. Such vigilance is only prudent, not unwarranted, and can be of incidental benefit to the fiduciary himself.

Surviving Partner Is in Control

When the estate's interest is in a partnership, unless the articles of partnership contain a contrary provision, control over the partnership affairs and the liquidation of the business remains with the surviving member of the firm and does not vest in the representative of the deceased partner. Even if the same person is both surviving partner and personal representative of the decedent, his right to wind up the partnership is independent of his duties as administrator and not subject to control of the probate court. However, a surviving partner may waive his right to administer the partnership, for example, by surrendering the partnership property or by failing to give a bond when a bond is required. The partnership assets then become part of the estate and the executor or administrator, as well as his surety, are liable for their proper administration.

Cites Typical Case

The fact that liquidation of a partnership business is ordinarily not under his control does not mean that the fiduciary is free of all obligation concerning it. He must see that the surviving partner properly discharges his duties. Moreover, where the same person is acting in both capacities he and his surety are exposed to a special hazard. Being under a duty to collect debts due the estate, the personal representative will be presumed to have received payment of any indebtedness from the partnership to the estate unless it is worthless at the time of his appointment or becomes so within a reasonable time thereafter. By operation of law, such indebtedness, even if actually uncollected, constitutes an asset of the estate for which the

surety on the administration bond is liable.

In a recent application of this principle a surviving partner had qualified as executor of his deceased partner. Pursuant to consultations with the widow, a valuation of \$20,000 was agreed upon for the decedent's interest in the partnership. This amount in the form of securities was then turned over to the widow. Later, there proved to be insufficient estate for satisfaction of legacies and expenses entitled to priority over the widow's claim.

The executor contended that in settling with the widow he had acted in his individual capacity, not as fiduciary, and that no assets had been received by him as executor. However, since the executor was presumed, in law, to have received the \$20,000 as an asset of the estate, the court surcharged his account. Such a case reveals the wisdom of statutes which disqualify a surviving partner from serving as administrator for a deceased firm member, Mr. Holmes pointed out.

Viewpoints Differ

There is a difference of opinion as to whether an estate can be closed before the partnership in which it has an interest is fully liquidated, Mr. Holmes said. If the estate is otherwise ready for settlement a rule favoring early distribution would seem preferable with the beneficiaries of the estate being allowed to proceed directly against the surviving partners. By requiring refunding bonds, in case the partnership interest should turn out to be a liability, the personal representative can avoid any possibility of loss because of his expeditious winding up of the estate before the partnership affairs had been liquidated.

If the estate's business is incorporated, the question becomes one of whether the stock is a proper investment for the estate. However, whether the business is incorporated or not, the principle is the same, that is, that the fiduciary may not hazard the estate assets in a speculative enterprise or solely on personal security. Continuation of a business is more complicated than stock ownership as it gives rise to creditors' rights and other problems not presented by a wrongful investment of the ordinary type.

Difference May Be Important

Nevertheless, the mere difference in the form of ownership can be important, Mr. Holmes pointed out. Ordinarily, continuance of an individual proprietorship would be regarded as unauthorized but holding stock in the same business if operated as a corporation might not be improper, as for example, where stocks are permissible investments for trust funds or in the case of an executor

(CONTINUED ON PAGE 34)

Accident Death Interval 6 Min.; Injury, 3 1/2 Seconds

There was an accidental death every six minutes and an injury every 3 1/2 seconds during 1942, the National Safety Council reports. Occupational deaths occurred in 1942 at the rate of one every 19 minutes, and occupational accidents every 31 seconds. Every 18 minutes someone suffered a fatal accident at home and every seven seconds there was a non-fatal accident in someone's home.

The largest single cause of home deaths was falls, which took a toll of 24,800 lives last year. Burns, drowning, railroad, firearms, poison gas and other poisons were the other major causes of death in 1942.

Points Out Cost of Wagner Bill to the People

The National Physicians Committee for the Extension of Medical Service with headquarters in the Pittsfield building, Chicago, has got out a pamphlet dealing with the Wagner-Murray Senate Bill 1161. This brochure gives a factual analysis of the medical and hospitalization provisions of the measure. The medical profession declares that if the recommendations are enacted into law they will destroy the private practice of medicine in this country. The author of the booklet states that the processes proposed and the mechanisms indicated are designed to act as the catalyst in transforming a rapidly expanding federal bureaucracy into an all-powerful totalitarian state control.

Vast Power Centralized

The bill makes provision for free general medical, special medical, laboratory and hospitalization benefits for more than 110,000,000 people in the country. It proposes placing in the hands of one man, the surgeon general of the public health service, the vast power of hiring doctors, establishing rates of pay, fee schedules, qualifications for specialists, number of individuals for whom any physician may provide service and determine arbitrarily what hospitals or claims may provide service for patients.

The bill provides that every employer shall pay a tax on wages paid to individuals up to \$3,000 a year 6% and every employee shall pay a tax deducted from wages on earned income up to \$3,000 a year or total of 12%. Every self-employed individual shall pay a tax on the market value of his services up to \$3,000 per year of 7%. Federal, state and municipal employees shall pay a tax of 3 1/2%. It has been estimated by the Treasury that by broadening the base of social security taxpayers and beneficiaries, the existing rates, total 5%, would raise \$5 billion of revenue annually. On this basis the total annual revenue under the Wagner bill would be \$12 billion.

L. A. Chamber of Commerce Opposes Hill Plan Extension

LOS ANGELES—Los Angeles Chamber of Commerce, through its board of directors, has asked Commissioner Caminetti not to give his approval to the application to have the comprehensive rating plan for defense projects, also known as the Hill plan, now applicable to cost-plus-a-fixed-fee contracts for government agencies, made to apply also to the lump sum contracts.

Following a study of a report on the subject made by its insurance committee, as well as examining other data, the directors concluded that it would be most unwise to extend the plan to such contracts.

Schleyer in San Francisco Visiting Associated Groups

SAN FRANCISCO—O. L. Schleyer, president American Automobile, purchaser of Associated Indemnity and Associated Fire & Marine, is visiting the home offices of the two companies here, familiarizing himself with the organizations and their practices. He has been conferring with L. H. Mueller, president of Associated Insurance Fund, holding company for the two insurance companies, and L. S. Moorhead, president of the companies, and other officials.

K. C. Educational Course

The educational committee of the Kansas City Insurance Agents Association has announced tentative plans for an educational course in workmen's compensation and public liability. The classes will start Sept. 21 and continue for 10 weeks. The course to be used is the one sponsored by the N.A.I.A.

Taxes of Defaulted Contractor Studied

McCahan Reviews Rights of Surety vs. Government to Unpaid Contract Price

At the fidelity and surety round table of the insurance section of the American Bar Association in Chicago this week, E. B. McCahan, Jr., Baltimore, counsel Fidelity & Deposit, discussed the effects on the rights of the surety where the United States government makes a claim for unpaid taxes of a contractor. Mr. McCahan confined his discussion to cases of the contractor defaulting before all the contract price is paid him, owing federal taxes, and the surety and government each claiming the balance of the contract price in the hands of the party for whom the work is being done.

It is well settled, Mr. McCahan pointed out that, where a surety takes over the work of a defaulting contractor, any unpaid contract balance belongs to the surety. Lately, however, the federal government has sought to take unpaid taxes out of this fund and the comptroller general has issued an opinion that this can be done. Old cases are conflicting or do not decide the point clearly and two cases in the court of claims may decide the matter, both as to contracts with the government and those with private parties.

Importance Growing

The growth of payroll taxes makes this question increasingly important, Mr. McCahan said. He explained that where a contractor falls down on a job the surety may do one of four things: lend the contractor money, take an assignment of the contract from the contractor and try to complete the work as an assignee, both of which would be done before an actual default, or, after default, waive its right to complete and pay the loss to the obligee or undertake to complete the contract for the obligee in the capacity of surety.

In either of the first two cases, the surety is simply a creditor or assignee of the contractor and hence does not have any greater right to the unpaid contract price than the contractor had. Under such circumstances, its right to this fund is probably subordinate to claims of the government for taxes. But in the fourth case, the company has all the rights of a surety and the courts have held that it has an equitable lien on this fund.

Review of Arguments

Mr. McCahan then traced exhaustively the arguments in the comptroller general's rulings, which are based mainly on federal bankruptcy and other statutes giving taxes a priority over other creditors. In answer to this, he set up the argument of sureties that this unpaid balance of the contract price never becomes an asset of the defaulting contractor, but, by virtue of previous decisions, is the property of the surety and consequently the government has no claim to it.

The question is not completely decided, Mr. McCahan said, but the two cases now going up may throw much light on the matter.

Mich. Hearing Again Deferred

LANSING, MICH.—Enforcement of Michigan's new financial responsibility law will be held up at least until early in September as a result of another adjournment to Aug. 30 of the hearing on injunction proceedings brought to invalidate the act.

The hearing was deferred on motion of E. N. Barnard, Detroit attorney who filed the injunction action, who claimed he was unable to appear in court.

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Urges Insurers to Fit Statutory Policies to the Law

Bar Association Speaker Condemns Practice of Endorsing Standard Form

The question of whether various statutes requiring some type of compulsory bond or automobile policy, especially by motor carriers, are such as to permit direct suit against the insurer in the first instance, was discussed by Henry M. Shughart of Kansas City at the round table on automobile insurance law of the insurance section of the American Bar Association in Chicago.

Mr. Shughart asserted that the courts are going to construe the policy or bond on file, not according to its expressed terms and provisions but rather in the light of what the court conceives that the statute contemplates should be the policy provisions required by the statute. And in the event that the statute is construed as requiring a liability as distinguished from an indemnity policy, a direct suit against the insurer may be permitted in the first instance, even though there is no such expressed provision in the statute.

Some of the confusion will be removed if it can be ascertained whether the policy is, in fact, the contract contemplated by the statute or whether it is a standard form attempting to serve that purpose when amended by endorsement.

Decisions Are Confusing

The decisions in the various states are more or less in confusion, he said, because of many facts and circumstances, because of the difference in the statutes, the effort on the part of some courts to do by judicial determination what the legislatures fail to do by legislative enactment and the insistence of insurers generally to write their policies on forms rather than to fit the particular situation involved, despite the fact that statutes are commonly held to supersede the policy provisions.

Many of the states require that a statutory form of endorsement be attached to the policy contemplated by the respective statute. However, the companies still follow the general practice of using their standard form policies and attempting to apply the statutory coverage by attaching the required endorsement. As a result, there has been much litigation and confusing decisions in an effort to determine what coverage the endorsement contemplated, what effect the endorsement has on the standard form policy and what portions of the policy in fact remain after the endorsement is attached. He expressed the opinion that it would be much simpler and would dispense with much litigation and confusion if the companies would analyze the statutory requirements and write a policy to fit the case, rather than to attempt to make an existing form policy fit the statute.

Speculate as to Intention

The legislatures have consistently failed or neglected to provide that suits or claims may be filed directly against the insurance carrier in the first instance, and this has permitted the courts to speculate as to what the intention of the legislature was. Frequently the courts by judicial interpretation have done what the legislature failed to do by expressed statutory enactment. As an example, he said that the Missouri courts still hold that an injured third

Gordon Reviews Wartime Accident-Health Trends

Two important trends in the accident and health field created by present wartime conditions were viewed by Harold R. Gordon, executive secretary Health & Accident Underwriters Conference, in an address at the meeting of the insurance section of the American Bar Association in Chicago on "Health and Accident Insurance in Wartime." They were: (1) New policyholders created by war conditions and (2) a broadening of the accident and health contract and a gradual extension of disability insurance among risks heretofore considered uninsurable.

He declared that the accident and health business has accepted and is discharging its responsibility to the public in wartime and has made a substantial contribution in helping America prosecute a successful war program. It is affording protection against wage loss due to accident and illness to millions of men and women engaged in production of war material and is contributing to the peace of mind of war workers by insuring their financial and earning power when disabled.

Phenomenal Growth Shown

He reviewed briefly the phenomenal growth of accident and health in the past eight years, resulting in part from a greater realization by the public of the need for this coverage, aided by the sudden creation of war industries and consequent full employment. Employment or unemployment, more than any other single factor, has affected the volume of business, both in dollars and number of policyholders, and the loss ratios. The volume has increased steadily to more than \$350,000,000 last year and may reach \$400,000,000 this year, Mr. Gordon said, with more than 25,000,000 people insured for accident and health coverage.

The differential in premium increase compared to policyholder increase can be explained, he said, by the fact that many large indemnity policies were written in the '20s, but in more recent

party cannot, as an original proposition, join the insured and insurer in a suit for damages arising in Missouri. On the other hand, both Kansas and Oklahoma have reached the opposite result. None of the three statutes expressly provides for such a suit. The earlier decisions in Iowa refused to permit such a joinder of parties or causes of action, but the contrary is now true in that state under the more recent decisions.

Some Limitations Placed

Some limitations have been placed on the direct liability of the insurer, even in those states where direct suits have the approval of the courts. For example, it has been held that the insurer could not be sued direct or be joined with the insured where the plaintiff's evidence failed to show that the motor car at the time of the accident was actually being operated "under the permit."

The situation becomes more complicated with the possibility of a judgment for a greater amount against the insured for his negligence than against the insurer under its policy, colliding with the rule that in a joint suit the judgment must be joint and equal against all parties to be held liable. He said that the Missouri courts will soon be called upon to decide this very question. He suggested that the theory might be advanced that the liability can be joint only to the extent of the coverage provided in the statutory bond or policy. This would mean that a plaintiff would have to elect whether he would pursue his common law right based on negligence for the full amount of such damages as he could establish or to sue jointly against the insured and insurer and be limited to the statutory bond or policy.

years they have been held to moderate limits of indemnity, thus creating a larger proportion of persons insured per premium dollar. Ten years ago very little group accident and sickness insurance or hospitalization insurance was in force but group alone now accounts for 40 to 50% of all individuals insured.

The first real impact of the war was felt when the selective service act was enacted in 1940. Policies on young men who left for military training were for the most part lapsed and the companies found it necessary to begin looking for new sources of agency material.

Women took the places of men in war plants and thus created a new market for loss-of-time protection, which is being adequately served by the companies. A demand developed not only for group coverage for "off the job" accidents and illness in the industrial field, but also for a non-occupational accident and health policy written in smaller firms and businesses on a franchise basis and through individual policies.

The two major underwriting problems brought about by the war were how it would affect the underwriting of accident risks and what consideration should be given to policyholders entering the armed services.

Development of War Clauses

Stating that it is obvious that accident insurance never contemplated coverage for death or injuries sustained as the direct result of warfare, Mr. Gordon reviewed the development of war exclusion and military and naval service clauses, extending back as far as 1890. The earliest form merely excluded liability for loss sustained as result of "war or riot." Later many policies omitted any reference to war except to exclude liability for "military or naval service in time of war."

Beginning with the former world war, companies began to require riders to be attached to all policies excluding the war hazard. Mr. Gordon quoted the clauses which were in most common use until 1939. At that time the insurance commissioners began a more careful scrutiny of the war clause and adopted a report which recognized that the ordinary accident policy does not contemplate the coverage of war hazards, and gave approval to "proper war exclusion clauses in accident policies."

The Illinois department objected to the phrase, "directly or indirectly by any act of war," used in some war clauses, and as result of a conference which it initiated, agreement was

(CONTINUED ON PAGE 35)

Chart Is Guide to First Aid for Unconsciousness

The importance of providing immediate first aid care in case of an emergency has caused the safety education department of the Aetna Life affiliated companies, in cooperation with the medical department, to bring out a new first aid chart and folder which are being distributed by agents. This literature points out that there are three general types of unconsciousness which may occur in the most common emergencies, which may be serious and require prompt first aid care. These are grouped into three color classifications, red, white and blue, indicated by the color of the victim's complexion. Both chart and folder tell at a glance symptoms induced by various conditions causing unconsciousness and give clear, concise directions for first aid care. The chart measures 9 by 12 inches and may be used as a teaching guide in schools, first aid classes or for easy reference in club rooms, stores, theaters and other public places.

Share-Ride Plans Don't Alter Guest Law Construction

Same Tests Apply in Peace and War Times, Bar Speaker Says

That wartime share-the-ride plans should have no effect whatever on the construction of automobile guest laws was the opinion expressed by Lenn J. Oare of South Bend, Ind., in addressing the round table on automobile insurance law at the meeting of the insurance section of the American Bar Association in Chicago.

If a given plan comprehends an agreement to exchange rides, or a contract to pay a sum of money representing a part of the cost of gasoline or oil, the guest statute is not applicable, he declared. In fact the share the ride plans offer no new questions under the guest acts.

Each case, he declared, must be determined upon its own merits as to whether an occupant is a guest or paying passenger and after the relationship between the driver and the occupant is determined, the principles of law applicable to that relationship should prevail. Anyone joining the share-the-ride plan should be advised, even in states having guest statutes, that he might be held liable while driving the other occupants in the car. Indeed there is no reason why he should not be so held in such states any less than in a state which has not enacted the guest statute.

Question of Joint Enterprise

A question might arise, according to Mr. Oare, as to whether a given share-the-ride plan constitutes a joint enterprise. The legal consequences of the joint enterprise in such case, if established, are: 1. In an action, by an occupant of the car against a third person for negligence in injuring him, the contributory negligence of the driver would be a bar to recovery. 2. In an action by a third party injured by the negligence of the driver, the occupant would be liable on the theory of the negligence of the driver being imputed to him. 3. In an action by the occupant against the negligent driver, the driver would be liable for the reason that the doctrine of joint enterprise cannot impute the negligence of the driver to the occupant.

A simple illustration of a joint enterprise would be where a number of employees together rented an automobile and each would have an equal right to direct and control its movement. To constitute a joint enterprise it is generally held that there must be a common purpose and that each member has authority in controlling, directing and governing the operation of the automobile. However, it does not follow that where two or more persons agree to alternate day by day in the use of their automobiles, that the parties, although engaged in a common purpose, are joint enterprisers. The direct opposite is true where, as is generally the case, the driver and not the occupant has direction and control of the car.

Sharing of Expenses

A sharing of expenses by the occupant when the operator does not share his right of direction and control of a car does not constitute a joint enterprise. Generally the principle of joint enterprise would not be applicable to share the ride plans. However, if a given share the ride plan be held to be a joint enterprise, the liability of the

(CONTINUED ON PAGE 35)

Tex. "Comp" Hearing War Changes Put Emphasis on Term "Occupation"

All Precincts Are Heard From During All-Day Session

AUSTIN, TEX.—At a spirited hearing here on the compensation rate situation before the board of insurance commissioners, the legality of the two rate plans, one for stock and one for non-stock companies, proposed by the National Council on Compensation Insurance was challenged. The legality of insuring employers against paying penalty premiums under the retrospective rating plan was also questioned.

H. F. Richardson of the National Council explained that the council working on a nation-wide program did not go into the statutory requirements of each state. The two filings brought up the legality of the board promulgating two rates in case the commissioners should decide to follow the suggestions of the National Council.

The second legal question was raised by Stoddart Smith, Texas representative of Associated Indemnity, when he asked if the board considered it rebating when a compensation carrier, having written a risk on the retrospective rating plan, also insured the employer against the penalty premium. He asked if the insuring against the penalty premium was a part of the original policy contract or if it was reinsurance and also asked if the whole system of retrospective rating was not being defeated when the original carrier insured the employer against having to pay the maximum penalty. The commissioners did not attempt to answer his questions but invited further discussion.

Opposes Two Plan Idea

President A. F. Allen of Texas Employers said that if the board could promulgate two rates as suggested by the National Council, it could promulgate as many rates as might be asked for, even to allowing each company to have its own rate. Mr. Allen said that since everyone agreed a rate reduction was in order, he proposed a flat 10% cut, effective, Oct. 1, applying to existing policies.

Charles J. Haugh, National Bureau of Casualty & Surety Underwriters, said that Mr. Allen's written proposal of a 6.37% discount in premium rates to all employers and his oral suggestion of a flat 10% cut, ignored the statistical and actuarial fact that an over-all average or a percentage discount on aggregate volume could never determine reasonable and adequate rates for the individual risks and that even with the need for a general reduction certain classifications in Texas should bear an increased rate. Mr. Allen insisted that the National Bureau was trying to force a nationwide program on Texas which would penalize a company like his which writes in Texas only.

At no previous hearing have so many employers and so many trade associations been represented. Officers, attorneys and members were present from the Texas Manufacturers Association which is conducting a campaign to raise some \$100,000 to investigate what they term "excessive rates" on workmen's compensation.

A proposal by the Texas Association of Insurance Agents was substantially the same as that filed in behalf of the stock carriers by the National Council except that the Texas association asked for discounts on risks producing annual premiums of \$1,000 or less.

Bonus Overtime Payroll

The elimination from the payroll for the purpose of calculating premiums of the "bonus overtime payroll" and the "vacation payroll" was advocated by employer groups and by trade association

(CONTINUED ON PAGE 36)

In view of the widespread changes in occupation since the start of the war and the probable continuance of this trend during the post-war era, the judicial construction placed on the term "occupation" takes on added importance, Miss Bess Blake, Tennessee department of public welfare, pointed out in her comprehensive analysis in the health and accident round table at the meeting of the insurance section of the American Bar Association in Chicago this week.

The majority of court decisions construing "occupation" fall into four classifications:

1. Where occupation is changed to a more hazardous one, recovery is limited to that provided in the policy for such occupation.
2. A casual or temporary resort to other activities.
3. Activities incidental to insured occupation.
4. Where accident occurred in course of ordinary duties about insured's residence or while engaged in recreation.

Notification Not Necessary

Generally speaking, the failure of the insured to notify the insurer of a change in occupation provides no defense where the change in occupation did not increase the hazard, Miss Blake pointed out. However, if the insured engages in a prohibited occupation and his death is caused by a hazard thereof, he cannot recover. This has been interpreted to mean simply if the hazard of the prohibited employment causes the loss, the insured cannot recover but the policy is effective for all other purposes, and if the loss occurs from some other means protection is afforded.

The weight of opinion has been that if the contract classes certain occupations as extra-hazardous, and fixes a lesser indemnity for such employment, the insured is confined to the amount of recovery payable for that occupation to which he is devoted when the injury occurs.

Incidental Duties Covered

If the act causing the injury is incidental to insured's own line of work, the performance of the act does not relieve the insurer of liability, Miss Blake stated. Thus, it was held that the general manager of a glass manufacturing plant in undertaking to polish glass in an emergency in the absence of the regular polisher, had not changed his occupation to a more hazardous one within an accident policy so as to reduce insurance. Accordingly the mere fact that the proprietor of an ice business is injured while delivering ice or that a contractor is personally attempting to adjust the tank of a heating plan does not make either of these persons laborers rather than supervisors.

Example Is Cited

In case of an insured classified as "office and traveling duties only," the insurer was held liable for injuries received by insured while in the refrigerator of the employer's plant directing the transfer of carcasses from one plant to another and illustrating to the workmen how to do the work. The greater weight of authority is to the effect that acts incidental to insured's own line of work will not reduce the indemnity or relieve the insurer of liability.

"CHANGE" DEFINED

The majority of decisions holds that in order to constitute a "change of occupation" the insured must terminate his employment in one field and enter upon a new one, Miss Blake pointed out. Thus, the mere doing of casual acts which may themselves be more danger-

ous and be considered to belong to a different occupation will not relieve the insurer of liability. A policy provided that if insured be killed while following any occupation, or in any exposure or performing acts parallel in hazard to the characteristic acts of any occupation classed by the company as more hazardous than specified in the application for the policy, recovery should be fixed at the rates fixed for such hazardous occupation. In construing this provision the court held a change in occupation must be a permanent change, or a temporary change in all substantial respects a change of occupation and was not changed by the performance of some individual acts of a more hazardous nature, and recovery might be had for death ensuing from a balloon ascension by one insured as a railroad brakeman.

Not Major Changes

Such incidental matters as the operation of a freight elevator to raise a barrel of oil for use in one's pleasure car; the chopping down of a tree; the act of setting off a single firework; a rancher temporarily employed in the construction of a shed for a neighbor; insured visiting a mine are held not to change the major classification or vocation of insured.

The "occupation" of farming has presented some close and interesting cases, according to Miss Blake. A condition in the constitution of an accident company limits liability if a member changes his occupation to one classed as more hazardous than that stated in his original application. A traveling man lost his position and thereafter lived at his father's ranch, but was paid no salary. He was endeavoring to obtain another position as commercial traveler when killed. The court held he had not changed his occupation to that of a stock farmer, owner or superintendent,

(CONTINUED ON PAGE 36)

Emmco Again Sponsors Football Broadcasts



Again this year WJR of Detroit will carry all the University of Michigan football games direct from the stadium, sponsored by the Emmco companies of South Bend, Ind., and the "friendly Emmco agents." Bob Kelley, famed sportscaster, will be at the "mike" with play-by-play description, and Jack Lellerman will broadcast the color. The program has been designed as another selling aid to Emmco's agents in the WJR listening area. This year headline world news will be broadcast between halves.

Shown at the contract signing are: (Seated, left to right) H. C. Williams, vice-president and secretary of Emmco; President E. M. Morris; Charles Burke of WJR; (standing, left to right) K. L. Snedecor, vice-president MacDonald-Cook Company; Thomas F. Shortall, vice-president and agency superintendent of Emmco, and C. A. MacDonald, president MacDonald-Cook Company, South Bend-Chicago advertising agency handling the Emmco account.

Claim Association Program Announced

Presentation of British War Experience to Be Feature

The complete program for the annual meeting of the International Claim Association to be held at the Edgewater Beach Hotel in Chicago Sept. 13-14, has been announced by W. E. Hein, president, who is supervisor of claims of the State Mutual Life. The program, drawn up under the direction of F. M. Walters, General Accident, chairman of the program committee, is as follows:

Monday Morning, Sept. 13

Address by the president.
"Trends in Manpower," Col. Paul G. Armstrong, Illinois selective service director.
"Public Relations—What It Is and What It Is Not," Averell Broughton, New York public relations consultant.
Special report on British war claim experience.

Monday Afternoon, Sept. 13

Seminar sessions, each to be preceded by special legal committee report:
Accident, health and group, chairman, C. O. Pauley, Great Northern Life.
Industrial life, chairman, R. J. Wetterlund, Washington National.
Life and double indemnity, chairman, Walter Trout, Penn Mutual Life.
Life disability, chairman, J. H. Wainwright, Canada Life.

Tuesday Morning, Sept. 14

Reports on seminar meetings.
Open forum discussion of matters of interest developed in seminars.
Reports of special committees.
Election of officers.

War Angles to Claim Problems

"This program will be almost wholly devoted to the presentation and discussion of war angles to claim problems," Mr. Walters said. "Practically every member company of the association will be represented, so that there will be an unusual opportunity to consider all possible viewpoints on the handling of claims in wartime. Because the seminars and subsequent general discussions are of such importance it is planned to allow all the time necessary for a full and complete discussion of war problems. If necessary an afternoon session will be held for that purpose."

One of the features of the program will be the special report on British war claim experience, based on a survey made in cooperation with the three important British associations: Life Offices Association, Accident Offices Association, and Associated Scottish Life Offices.

The special guests at the meeting representing the armed services will include: Maj.-Gen. Jay L. Benedict, president of the War Department Dependency Board; Commander A. C. Jacobs, head of the casualties and allotments section of the Bureau of Naval Personnel; Lt. Col. George F. Herbert, chief casualty branch, adjutant general's office, U. S. Army; H. L. McCoy, director of insurance, Veterans Administration; Edward E. Odom, solicitor Veterans Administration.

Resume Sept. 13 in Des Moines

DES MOINES—The Des Moines Casualty & Surety Club will resume its semi-monthly meetings Sept. 13. A nominating committee will be selected at the time for the annual meeting Sept. 27.

Kabateck Promoted on Coast

BOSTON—S. M. Kabateck, special agent in the Los Angeles office of the Employers group, has been appointed assistant manager.

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Unlicensed Medical Plan's Head Jailed

One-Man Concern Operated Six Years With- out Paying a Death Benefit

NEW YORK—As the result of an investigation initiated by the New York department, Joseph L. Sherin, operator of an unlicensed medical care and funeral benefit outfit, was sentenced in the court of special sessions to six months in the workhouse. Sherin had operated this racket, which he called "The Community Group," since 1937 but his luck had been so good that he was never called upon to pay off under the death benefit provision, which called for quite an elaborate funeral.

Sherin's conviction was played up prominently by the New York papers, some of them using it as a feature story under a two-column headline. Because of the type of people among whom concerns of Sherin's type operate it has been difficult to get complaining witnesses to show up in court to testify. The New York department hopes that as result of the publicity Sherin's conviction received people who have been taken in by these outfits will become aware of the character of the coverage and will report the operators to the department. As was mentioned in THE NATIONAL UNDERWRITER some weeks ago, many of these unauthorized medical and hospital care plans have sprung up in the wake of the popularity of legitimate plans. Acting Superintendent Cullen is making a drive against unauthorized concerns of this type and the department will undoubtedly crack down on other operators of Sherin's type in the near future.

Paid Doctor Nothing

Though Sherin said he had a working arrangement with a doctor, a dentist, and several oculists he was not obligated to pay them anything for work they did. The doctor was supposed to give free medical service but was not prevented from charging what he pleased for medicine, which usually ran about \$2. On learning of this one of the justices of the three-judge court remarked, "Of course, these people always needed medicine." The dentist and optician were supposed to do work at reduced rates, the dentist supposedly charging half his "regular" rate.

Sherin's "community group" had as high as 500 members at one time and during the six years he operated it he was estimated to have taken in between \$15,000 and \$20,000. This was practically entirely personal income for himself, for his office was in his hat and his only expense was for printing up his impressive looking policies, which were embellished with a red seal. He charged policyholders 50 cents a month.

The death benefit was a highly contingent affair. If the member was age 56 or younger when he entered the plan, and if the insurance had been in force 120 days or more, and if in the event of the insured's death his representative paid \$10 to Sherin, the decedent would be entitled to a "complete, dignified funeral, consisting of care of the body, crape on the door, or use of chapel (if desired), oak or plush casket (satin lined), satin pillow, wreath of flowers, a hearse to the burial ground and one coach for the family to and from the burial ground, provided the same is within the limits of New York City." If burial were to be outside New York City a pine box would be furnished for the casket and the body would be taken to any point in the city from which shipment was to be made.

C. J. Rubino, assistant district attorney attached to the frauds bureau, handled the case for the district attorney's office after the matter had been placed in his hands by Henry N. Smith.

attorney of the complaint bureau of the insurance department.

The investigation disclosed that Sherin had just completed a four-month workhouse sentence for petty larceny, a policyholder having complained when he failed to receive back his proper change from a \$5 bill after paying a premium, according to the police. The police also said that Sherin had received suspended petty larceny sentences in 1926, 1927 and 1928. The "community group" had both white and Negro policyholders on its books.

Mail-Order Warning by Allyn

A warning against buying mail order insurance has been issued by Commissioner Allyn of Connecticut. He called attention to the increasing amount of direct-mail and magazine advertising being carried on in his state by companies not licensed or examined by his department, and said that although such insurers may be sound and honest, the Connecticut policy purchaser is acting unwisely if he purchases policies from them without first obtaining information from the department. He said he was prompted to issue the warning by the number of cases which have come to his attention where satisfactory adjustments of claims have not been made by these outside companies. His de-

Eureka-Maryland Control Changes

Columbus Interests Acquire Life Company with \$100,000,000 Insurance

The Farm Bureau insurance group of Columbus, O., has acquired the controlling stock of Eureka-Maryland Assurance of Baltimore.

Eureka-Maryland is an old established life insurance company, having begun business in 1882. As of June 30 it had in force approximately \$100,000,000 of business. Assets were in excess of \$11,500,000. It is licensed to operate in Ohio, Pennsylvania, Maryland, West Virginia, Virginia, New Jersey, District of Columbia, Delaware, Michigan, Illinois and California.

With the addition of Eureka-Maryland, the Farm Bureau group now has combined assets of over \$30,000,000, an annual premium income of over \$14,000,000 and more than 500,000 policyholders.

The Farm Bureau group consists of

Farm Bureau Life, Farm Bureau Mutual
Automobile and Farm Bureau Mutual
Fire

Eureka Maryland traces its beginning to 1882 when Eureka Mutual Aid Society was started as an assessment association. In 1902 it was converted to a legal reserve basis, continuing as a mutual company and the name was changed to Eureka Life. In 1918 it became a stock company.

In 1924 Eureka Life reinsured Maryland Assurance, which started as a running mate of Maryland Casualty.

As of Dec. 31, 1942 assets were \$11,179,061, policy reserve \$9,731,330, capital \$250,000 and net surplus \$733,390. Its ordinary business in force was \$60,490,321 and industrial was \$36,563,042. J. N. Warfield is the president. The vice-presidents are A. W. Mears, J. S. New and T. J. Mohan. A. V. Weaver is treasurer, H. W. Ullman, actuary.

Louisiana Safest State

The National Safety Council named Louisiana as the safest state in the Union last year in terms of all types of accidents. Figures show that the age group of 5-14 has the lowest accident rate of any with little girls getting hurt much less than little boys of the same age group.

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Says Responsibility Law Not Yet Tested

Bar Speaker Contends 30-Year Period Required to Prove Value

Automobile financial responsibility laws on the whole have failed to live up to expectations, according to W. J. P. Aberg of Madison, Wis., who addressed the automobile insurance law round table of the insurance section of the American Bar Association in Chicago this week. Mr. Aberg confined his observations exclusively to the older type of responsibility laws and made no reference to the New York-New Hampshire pattern which was enacted this year in Indiana, Michigan and Oregon.

The responsibility laws, he said, sound plausible because they not only seek to eliminate the uncompensated claim but as safety measures would make for safe driving and fewer accidents.

Same Promises and Hopes

The laws, he said, have all been sold to the public of the state of enactment, with the same promises and the same hopes, namely that they would eliminate or segregate the bad driver, thereby preventing or decreasing accidents; increase the proportion of insured cars or drivers and compel the bad driver to insure; procure the payment of more claims arising from automobile accidents.

Most of the laws, he pointed out, begin to operate when the driver is unable to pay a judgment against him for damages resulting from an accident. His license is then revoked or he is required to furnish financial responsibility to permit him to continue driving. In other words, these laws permit a bad dog one bite. By paying a higher premium or otherwise securing insurance the driver is permitted to continue and where as in Wisconsin the license is revoked and will

not be reissued until such a judgment is satisfied the driver often transfers his car to another owner and takes his chances on operation without a driver's license.

In most states the correlation between the court and the officer administering the law is not perfect, the burden being placed on the claimant to pursue his remedy to the ultimate denial of a driver's license to the judgment debtor.

Where the driver is dependent upon use of his car for a livelihood and the court has some discretion, drivers are permitted to operate by making small installment payments on the judgment.

There is some merit to the assertion that the existence of such laws enhance to a small degree the possibility of recovery even where the driver is not insured, and, therefore, persons suffering damage are more inclined to report accidents and to press for payment.

Mr. Aberg expressed the opinion that the accident record is no better in states that have responsibility laws than in states that do not. He said that some contend that these laws create the illusion of safety thereby prevent enactment of more drastic and effective laws.

The enactment of such legislation does result in a larger percentage of cars being insured for a period following such enactment and as a result of publicity.

Mandatory Laws

He said that the permanent effect upon increasing the proportion of insured cars or in compelling the bad driver to carry insurance is slight although an increased volume is indicated. The increase in volume is considerable if there be credited to the responsibility laws the vast amount of insurance required under mandatory laws from public carriers for freight and passengers on highways.

The installment feature of many responsibility laws, coupled with the numerous exceptions as to the period limited for which suspension of license results, installment features, possibilities of evasion by transfer of title to the car and others produce a result which is not conducive to collection of past damage. The number of persons whose operating privileges are suspended pending satisfaction of a judgment is comparatively small. As a remedial measure as contrasted with a preventive measure, be expressed belief the financial responsibility laws do not live up to advance notices.

Many existing laws are inadequately administered for lack of funds. Courts are likely to treat the enforcement of these laws as functions of independent administrative bodies. Cooperation of insurers is difficult to secure because the element of business competition is involved. To secure adequate enforcement reciprocity between states is necessary and uniformity in state laws is absolutely essential. However, he said it should be recognized that the laws are still in their infancy and that the difficulties are being ironed out from year to year. Legislators realize that high sounding language will not do the detailed checking and examination of records which is a daily requirement.

Need More Experience

Another decade of experience will no doubt serve to determine definitely the real value of such laws. The final verdict should not come before the end of 25 to 30 years of experience, coupled with changes and adaptations made necessary by a changing society. However he ventured the opinion that the laws as safety measures in eliminating or segregating unsafe drivers and preventing or diminishing accidents have little or no bearing on the subject. The effect they have upon the bad driver and the decrease of accidents is purely incidental. It is doubtful if cars are operated on the highways with any greater degree of safety because of the enactment of financial responsibility laws. There is no evidence that a driver is more careful because he carries insurance than the owner who is uninsured. The laws are more commendable for

Products Liability Issues Scanned

Expansion of Legal Liability Is Predicted by Attorney Sol Weiss

Sol Weiss of the Weiss & Weiss law firm of New Orleans, gave an interesting paper on the defense of products liability cases, in addressing the round table on casualty insurance law during the meeting of the Insurance Section of the American Bar Association in Chicago. Borrowing the device that Henry S. Moser of Chicago employed at the meeting last year Mr. Weiss employed the narrative style to illustrate some of the points. He started out with "Homo Sapiens" as a baby and took him through an advanced age, at each stage of his life encountering misfortune with a "product" and engaging in a great deal of litigation. Actual cases were cited to indicate the issues which defense counsel must meet in products liability cases.

The strongest weapon in the arsenal of plaintiffs in such litigation, he said, is ordinarily the doctrine *res ipsa loquitur* or *prima facie* case. Under the better view, this presumption may be offset by proof of adequate facilities and equipment, competent system and supervision. Every step in the process of production and distribution should be proved by direct testimony, supplemented, if possible, by technical and expert witnesses. Great care should be exercised in connection with instructions to the jury and, wherever possible, special instructions should be requested.

The capacity of the plaintiff and his legal relationship toward the defendant should be closely studied, as should the matter of the jurisdiction of the court, the applicability of the statute of limitations. The position and status of the defendant in the litigation should be carefully scrutinized; where there are several defendants, the applicability or inapplicability of the doctrine of joint tortfeasors should be examined.

Responsibility to Expand

He predicted that an expansion rather than a contraction of the legal responsibility of those engaged in production, distribution and selling of products may be anticipated.

The liability of those participating in the creation, fabrication, preparation and distribution of products has been broadened by the enactment in many states of uniform sales statutes which generally provide explicitly for an implied warranty, especially as regards products intended for human consumption; also by the liberal tendency of the courts under which the public welfare takes precedence over strictly legalistic basis of liability, and the expansion in size and complexity of the productive economy.

Origin of Products Liability

The origin of products liability springs from a warranty, either express or implied, or from negligence. Frequently it is difficult to discern in a specific case whether the basis of liability is the one or the other. Warranties of products may consist of warranty of merchantability, of soundness, fitness, wholesomeness, quality, freedom from latent defects, etc. Negligence implies failure to do or to avoid doing anything legally requisite to invest in the product the safety and security included in the warranties.

The defense of a products case depends to a large extent upon the theory of the plaintiff's case, that is whether it is brought on the theory of breach of warranty or for negligence. Some-

what they seek to obtain than for what they have accomplished but it is well to encourage legislation of this kind rather than to condemn it for lack of immediate success.

Change Is Made in Oregon Procedure

Inconsistency in Assigned Risk Automobile Plan Corrected

PORTLAND, ORE.—The Oregon automobile assigned risk plan has been amended to provide for insuring risks unable to obtain insurance, but which are not under compulsion to insure under the new financial responsibility act passed by the last legislature. Originally the assigned risk plan encompassed only those risks unable to secure insurance in the open market but compelled to insure in order to retain operators' licenses and registration under the provisions of the financial responsibility law because of an accident or a conviction of some specified violation of traffic law.

Odd Situation Resulted

That brought about the anomaly of a risk, for example, beyond the age limits ordinarily acceptable to underwriters for auto insurance being unable to get insurance by any means, but upon the occurrence of an accident finding a ready market under the assigned risk pool for the required coverage, purely because the assigned risk pool was closed to all but those requiring insurance under the financial responsibility law.

Absurdity Is Corrected

To correct this apparent absurdity the member companies of the pool, which constitute all carriers licensed in the state, have accepted an extension of the pool rules to offer to anyone who has been rejected three times by the regular sources, the same opportunity to apply for liability and property damage coverage, whether or not such insurance is then required to comply with the financial responsibility law. Premium rating and selection of risk will be handled identically in either type of case, it being the intention to provide insurance not only for those compelled to buy it but also for those who may at a later date be in that position under the new law.

The pool does not apply, however, to municipally owned vehicles, nor to vehicles required to file insurance with the state public utilities commissioner, as the financial responsibility law specifically exempts those classes from its terms. The amendments to the assigned risk plan rules become effective Sept. 10.

Cal. Ruling on Auto Renewals

SAN FRANCISCO—An interpretation has been issued by Commissioner Caminetti under the automobile insurance agreement, permitting filing by producers of a combined statement or schedule for renewal of private passenger coverage in place of requiring that separate application be filed for each insured when requesting renewal. A sample form of statement or schedule has been prepared by the department, requiring certification by the producer and a warning issued that the producer should clearly understand he will be held responsible for all statements made and that he has assumed responsibility in case misinformation leading to misclassification is given. The department emphasizes the necessity of complete information on the type of gas ration book being used by insured.

The interpretation applies to renewal business only, separate applications being required on new business.

times the plaintiff may base his action upon negligence and then seek to prove breach of warranty. This attempt to change the issue may be successfully countered.

In some states the period of limitation of action may differ as regards suits based on the one hand upon breach of warranty under a contract and on the other sounding in tort.

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Underwriter with casualty experience in Milwaukee branch of group in large rapidly growing independent fire and casualty companies operating nationally. Splendid opportunity for future. Opening is not a draftee replacement. This ad is known to our employees. Outline experience and state age in your reply. Address S-77, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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Experienced home office casualty Manager desires new company connection. Have been in charge of all departments, exclusive of claims. Thoroughly familiar with all underwriting problems. Married, age 46, two children. My present connection is secure but change is desired for personal reasons. Address S-82, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED

A young man not subject to draft, or a young lady, as Fidelity and Surety Underwriter for a Branch Office of a leading Casualty and Surety Company in Kansas City, Missouri. Good opportunity with an attractive salary. Address S-83, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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Company official and claims manager will make change. Thirteen years extensive home office and field experience; also legal education. Salary open. Married, two children, draft status 3-A. References. Address S-89, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.



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of your home, your family, your income, and your savings.

With living conditions changing so rapidly and so completely, it is more than possible that the insurance you now have on your home is outdated, wasteful or inadequate. And it is too much of a risk to let it go without giving it serious thought.

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Lawyers Fight McCarran Bill

Surety Committee Solicits Aid in Defeating U. S. Bonding Fund

The McCarran bill now before a subcommittee in the Senate to establish a federal fund for bonding federal employees would not accomplish anything of lasting public benefit, the surety committee of the insurance section of the American Bar Association declared in its report at the Chicago meeting this week. The bill should be opposed by all surety lawyers, the committee declared. If the bill should become law, surety companies would be put out of the business of bonding federal officials. The idea is not new, and the opponents have always been able to present sufficient sound argument to prevent such legislation from passing. There is no public need for such a law, and such a fund could not be economically administered by the government.

The committee stated that as the war approaches its successful conclusion, surety lawyers will be required to give more and more attention to many problems dealing with the termination and equitable conclusion of billions of dollars in war contracts.

The years following the war will bring to lawyers practicing in this field many interesting and curious problems to be solved with respect to fidelity and surety bonds, and the committee should continue to observe trends and practices and report at each annual meeting.

J. Kemp Bartlett, Jr., executive vice-president of U. S. F. & G., is chairman of the committee.

Litigation Still Abundant

The committee stated that there are still a large number of fidelity and surety bonds that get before the courts for judicial interpretation. The difficulty for the most part seems to be to apply the established law to constantly varying facts. For instance, a question that frequently arises is whether or not a performance bond extends its protection to one who is neither a contractor nor his sub-contractor. The number of cases where a decision on this point has been made would seem to very clearly fix the law, and yet the varying language of the bonds and the many different transactions by which labor can be performed or materials furnished on something that eventually becomes a part of the completed structure, requires constant reference to courts for a decision.

Another classification of cases that seems frequently to require judicial determination is that which involves two surety bonds, both of which carry primary and excess provisions, the difficulty being to determine the proper surety to be held liable.

An interesting suit upon a guardian's bond was one decided on April 1, 1943, by the supreme court of North Carolina. In that case a guardian had used guardianship funds to improve property which the guardian was individually

interested in along with the ward, contributing nothing from her own funds, but taking her share of the rents. No claim was made upon the surety, and it was not threatened with any immediate loss, although beyond a doubt it would have sustained loss in the future. The question involved was whether or not the surety on a guardian's bond could maintain an action prior to the termination of the guardianship to enforce the liability of the guardian in exoneration of the surety, and to surcharge and correct the guardian's account. It was held that the surety is a creditor of its principal from the date of the execution of the bond, and that the surety, as a party in interest, was entitled to have the wrong remedied.

A case of great importance to surety companies is one decided this year by the circuit court of appeals for the sixth circuit. A contractor had agreed in his application for an earlier bond that in the event of claim or default in connection with any subsequent bonds executed by the surety company for the contractor, all payments due or to become due should be paid to the surety company. The court held that this assignment by the contractor was a present assignment and not a mere promise to assign, and that the right of the surety company to monies due on contracts fully performed by the contractor did not terminate, but continued when the contractor defaulted on a third contract which the surety was required to perform.

Veterans Administration Bonds

A group of cases that is of interest to lawyers in this field are those cases growing out of the issuance of bonds indemnifying the Veterans' Administration with respect to the issuance of a duplicate adjusted service certificate to replace the original service certificate alleged to have been lost or destroyed by the veteran. The statute provided in definite language the condition of the bond, but the bond that was prepared and printed by the Veterans' Bureau was somewhat broader than the statutory requirement. The government's contention was that the old rule that the surety was bound by the recitals and covenants of the bond that it had signed, should prevail over the statute.

In the case of United States of America v. Continental Casualty, U. S. district court, district of Maryland, decided April 14, 1943, Judge Chesnut's decision declared the law with respect to these bonds to be that "which we have understood the law to be regarding the usual lost instrument bond."

A number of cases of great interest are those raising the question whether the surety upon a bond for the payment of labor and materials, has a priority over the claim of the government for unemployment or social security taxes. See the case of *in re Van Winkle*, decided by the U. S. district court for the western district of Kentucky on March 26, 1943, 49 Fed. Supp., 711.

PERSONALS

Loraine Simonett, chief casualty underwriter in the Los Angeles office of the Employers group, was married to Robert Gebhardt of the marine corps, Aug. 22. The girls in the office entertained her at a party. Following a honeymoon of a week she will return to her duties.

A tribute to Uruguay was broadcast in a special message commemorating the independence day of that South American republic, over the S.A.D.R.E.P. network, South American affiliate of the CBS, as a good-will gesture from the U. S. committee on Inter-American Business Policies.

As chairman, James S. Kemper, Chicago, in his keynote address, urged the need for stopping the aggressor, to preserve those things which are vital to

the republican form of government, and which have brought more peace and happiness than any other form of government known to man.

DEATHS

Harry A. Warner, connected with Maryland Casualty for more than 32 years, died after a brief illness, and was buried in Baltimore.

For the past 14 years, Mr. Warner had been associated with the advertising and promotion division, more recently in charge of the direct mail department.

He joined Maryland in 1910, and for nine years was connected with the casualty claim department, being stationed in Portland, Ore., before going to the home office.

Mr. Warner graduated from Princeton University in 1896.

Joseph W. Bristor, 81, who retired as vice-president of United States Fidelity & Guaranty about 10 years ago, was burned to death in a fire in his home in Baltimore. His sister who is an invalid, was overcome by smoke but was carried to safety by firemen.

Mr. Bristor started out as assistant to John R. Bland and later was appointed assistant secretary and finally vice-president.

Apparently the fire started from smoking material in Mr. Bristor's bedroom.

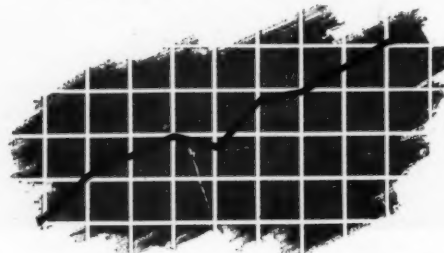
About 5 a. m. he opened the window to his bedroom and shouted for help, saying that he was on fire. He fell back into the room and was dead when he was reached.

William B. Dresler, Nebraska state manager for World of Omaha, died suddenly at the age of 45. He had been with World since 1934, previously having been with Federal Life. He served for a time as manager of the field service department and since 1941 had been Nebraska manager.

William D. Hales, safety engineer for Maryland Casualty, died at the Research Hospital in Kansas City, following a heart attack. Mr. Hales was well known for his industrial accident prevention work as head of the Maryland's safety engineer department for Missouri, Kansas and southeast Nebraska. He had been with his company for 27 years, having made his home for the past 12 years in Kansas City.

Anderson W. Douthat, manager of the casualty department of the Thomas E. Wood agency, Cincinnati, for the last three years, died after a lingering illness. He was 39 and well known in Ohio insurance, having been with the Maryland Casualty for about 12 years and having opened that company's branch office in Cincinnati some years ago. For a time he was assistant manager of the surety department of Travelers in Cleveland. He is survived by

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his widow and three children, Nancy, age 11, Anderson Jr., age 7 and James, age 1.

Harry W. Hendrickson, who after 34 years association with Ocean Accident and Columbia Casualty was retired in January of this year, died at his home in Maplewood, N. J. He was well known in his field and made many friends during his long service. He was glass superintendent of the two companies.

CHANGES

Aetna Casualty Shifts Bond Men

Aetna Casualty has made several changes in the supervisory personnel of its bond offices in the field and has retired W. L. Atwood, veteran claim adjuster. J. G. Moore, bond superintendent at Bridgeport, goes to Boston as assistant manager of the bond department, replacing D. N. Gage, who was recently commissioned an ensign in the navy. C. K. Shaw, assistant bond superintendent at Grand Rapids, succeeds Mr. Moore as superintendent in Bridgeport and A. P. Bulfin, an underwriter in the Chicago bond department, has been named assistant bond superintendent in Grand Rapids.

A native of Baltimore, Mr. Moore was educated at Yale University and Hartford College of Law. He joined the Aetna in 1930 as a member of the bond claim department. After completing both the bond school and the home office casualty and surety sales course in 1938 he was assigned to the R. C. Knox general agency as a bond special agent. He was named superintendent of the Bridgeport bond department in 1940.

Shaw with Aetna Since 1927

Mr. Shaw joined the home office bond department in 1927. In 1938, he completed both the bond and the casualty and surety sales course, following which he was assigned to the Detroit office as a bond underwriter. He was named assistant superintendent of the Grand Rapids bond department in February, 1942.

Mr. Bulfin was educated at Northwestern University school of commerce. He was connected with Firemen's from 1927 to 1929, when he joined Aetna as a member of the bond department in Chicago. He served as a bond underwriter at Chicago until his transfer to Grand Rapids.

Atwood 40 Years with Aetna

Mr. Atwood, who has been in charge of the Boston claim office of Aetna Casualty for 40 years and is dean of all Aetna claim adjusters, has been placed on the inactive list and becomes the first adjuster emeritus of the organization.

Born in Bridgeton, Mo., Mr. Atwood received his education in Missouri schools and was connected with several concerns in St. Louis before he entered the insurance business as an adjuster for Union Casualty & Surety in Boston. He joined Aetna in 1903 as an adjuster in Boston where he has spent his entire career with the company.

He was one of the organizers and is a director of the Boston Index Bureau and he is also a charter member of the Boston Claim Executives Association.

During his Aetna service in Boston, Mr. Atwood's department has grown from a one man office to an organization of more than 70 men and women who provide service to Aetna policyholders in eastern Massachusetts, New Hampshire and Maine.

Mr. Atwood is succeeded by F. A. MacDonald, who has been his first assistant for a number of years. Born and educated in Freeland, Pa., Mr. MacDonald joined the Aetna in 1917 as an adjuster in the Boston office.

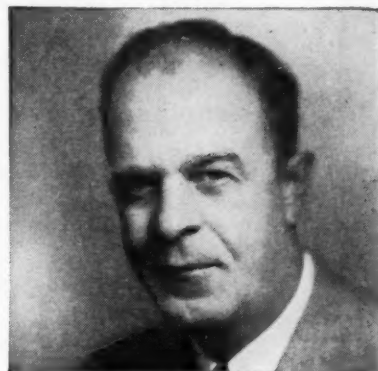
Cook Establishes Headquarters

W. C. Cook, who was recently appointed Ohio manager of the Emmco

companies of South Bend, Ind., has located at 403 Union building, Cleveland, which is the office of the Cleveland branch.

L. H. Erickson Advanced to Director of Agencies

Leslie H. Erickson, assistant vice-president of American Casualty, has been promoted to director of agencies. Mr. Erickson is a member of the Minnesota bar and was a practicing attorney



LESLIE H. ERICKSON

in Minneapolis for some years, specializing in insurance law.

He became affiliated with American Casualty in 1938 after serving as special deputy insurance commissioner of Pennsylvania. Prior to that connection, he served in the home offices of several casualty companies.

E. J. Reid Boiler Special Agent of Globe in Chicago

Everett J. Reid has been appointed special agent of the new boiler and machinery production department of Globe Indemnity in Chicago.

Mr. Reid is an experienced boiler and machinery underwriter and production man. He has been for the past eight years underwriter of boiler and machinery insurance in the engineering department of Globe in Chicago.

Roddey to Louisiana

William B. Roddey, Jr., who has been claim adjuster of Employers Mutual at Charlotte, N. C., for several years, has been transferred to Shreveport as Louisiana claim manager.

Broughton to Speak at N. J. Agents Meeting

NEW YORK—Averell Broughton, newly appointed public relations counsel for the National Association of Insurance Agents, will be the principal speaker at the annual meeting of the New Jersey Association of Insurance Agents to be held in Trenton, on Sept. 24. His topic will be "Public Relations."

Toll of Accidents

Accidents—97% of them preventable—cost the nation \$5,200,000,000 and 380,000,000 man days of work in 1942, the National Safety Council reveals. On-the-job accidents killed 18,500 workers—500 more than in 1941—injured 1,750,000 (150,000 more than in 1941). All-accident death totals in 1942 (including occupational) were 93,000 killed and 9,200,000 injured.

The Vermont Association of Insurance Agents will hold its annual meeting at the Burlington Country Club, Burlington, Vt., Sept. 16.

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SURETY

Army Engineer Contracts Exceeding \$100,000 Listed

Of the War Department construction contracts awarded by the Chief of Engineers and announced by the War Department Aug. 17, the following are for \$100,000 or more:

The Lane Constr. Corp., Meriden, Conn., Contr. No. 19-023-eng-12, grading and paying in Aroostook Co., Me., Boston engineer office in charge, \$400,000; LeVasseur & Allen, Alexandria, La., Contr. No. 777-eng-2106, construction of housing in Rapides Pa., La., Little Rock office in charge, \$100,000; E. J. & W. L. Cobb, Montgomery, Ala., Contr. No. 569-eng-5270, construction of landing strip and taxiways in Dallas Co., Ala., Mobile office in charge, \$400,000; Hoke Constr. Co., Stillwater, Okla., Contr. No. 957-eng-2050, construction of housing and utilities in Dallam Co., Tex., Tulsa office in charge, \$100,000; W. R. Aldrich & Co., Baton Rouge, La., Contr. No. 359-eng-5656, removal of flight hazards in Calcasieu Pa., La., Galveston office in charge, \$200,000; Paul Smith Constr. Co., Tampa, Contr. No. 436-eng-10539, construction of temporary frame buildings, fueling system in Charlotte Co., Fla., Jacksonville office in charge, \$300,000; John E. Ballenger Constr. Co., Lakeland, Fla., Contr. No. 436-eng-10541, clearing and grubbing, excavation, stabilization, base course, drainage facilities in Charlotte Co., Fla., Jacksonville office in charge, \$100,000.

\$60,000 Philadelphia Bank Embezzlement Is Covered

PHILADELPHIA — Embezzlement of \$60,000 by an employee of Liberty Title & Trust Company is fully covered by insurance, officials of the bank declared. The funds were taken by John Francis Neville for the purpose of having a "good time," according to U. S. Attorney Gleeson. Neville was held in \$5,000 bail for the federal grand jury.

A spokesman for Liberty Title & Trust said that only this year the bank had received a rebate on its premiums because it had suffered no losses in the last 15 years. He added that in the past 58 years there had been only occasional, trivial losses.

The money, it was said, largely represented deposits made by churches following Sunday service collections. Mr. Gleeson charged that Neville used "the same old method of making fraudulent entries and short-changing new accounts."

Old Nebraska Suit Reinstated

LINCOLN, NEB. — Attorney-general Johnson has secured reinstatement in the district court here of the suit begun ten years ago by a predecessor to recover from W. M. Stebbins, state treasurer 1927-31, an amount estimated at \$143,000, covering state deposits lost in bank failures during that period. Massachusetts Bonding, which bonded him for \$1,000,000 his first term, and Metropolitan Casualty, second term bondsman, also are listed as defendants. Metropolitan reinsured its risk in varying amounts in Globe Indemnity, Massachusetts Bonding, Standard Accident, American Surety, Fidelity & Deposit, Detroit Fidelity & Surety and Federal Surety.

The state claims that Stebbins should have required security from the banks that went into liquidation. He died eight years ago.

Surety Sues Des Moines Bank

DES MOINES—Massachusetts Bonding has filed suit for \$24,000 against the Bankers Trust Company for forged checks the bank cashed.

The company, as surety for the late Irving A. Potwin, whom it bonded, charges that the bank wrongly cashed forged and raised checks written by Pot-

Bar Committee Assails Federal Aviation Cover

(CONTINUED FROM PAGE 21)

insurance interests should work jointly and trustfully with the air lines, as aircraft manufacturers do.

Amos Culbert, vice-president American Air Lines, led the discussion, which involved many subjects, American insurance capacity being particularly prominent. A. E. Brosmith, Hartford, assistant general counsel Travelers, said the capacity exists, but the problem is to organize it.

Ambrose B. Kelly, Chicago, secretary American Mutual Reinsurance, said that the peculiar susceptibility of aviation to catastrophe losses has made underwriting difficult. Further, the premiums have not been large, by insurance standards. Full insurance in the United States can be provided, he said, only by all carriers participating. This would be helped by permitting fire companies to reinsure casualty carriers and vice versa. In some states, Mr. Kelly said, this is now legal, if reinsurance is arranged on an excess basis.

Dominance of London

At present, Mr. Kelly said, the American aviation insurance syndicates do not reinsure each other, but go mainly to London for excess coverage. This was natural, as the market there was already established and for years the London market, of proven stability, has offered the world excess coverage and can meet competitive rates. The situation can be corrected only if American companies generally will share the risk.

In answer to a question, Mr. Culbert said that in the future there will be three standard types of air line passenger planes, luxury liners, carrying about 100 passengers, used for transoceanic and transcontinental flights, intermediate, four engine ships, carrying 60 to 70 passengers, making more limited stops, and shuttle planes, with two engines, larger than the present DC-3, carrying about 30 passengers.

It will take about four years from the end of the war to provide these planes, Mr. Culbert said. For the first two years, there should be about the same service as now, with the air lines getting DC-3's released by the army. In about two years, they may expect planes with features now found in military craft, and the luxury planes in about two years more.

Asked about the future of private flying, Mr. Culbert said he is very enthusiastic. In his opinion, there will not be as many airplanes as there are automobiles now, this being limited by airport facilities and air traffic policing, but there will be a tremendous boom in private flying and a development of feeder commercial flying comparable to the present trucking business.

Extent of Self-Insurance

John R. Peterson of Chicago, counsel of Continental Casualty, raised the question of the probable extent of self-insurance by air lines. Mr. Culbert said that in his opinion this would depend upon the number of planes each line operates, particularly with hull insurance. The attitude of the Civil Aeronautics Board toward allowing credit for self-insurance funds will also be important.

Other questions discussed were the constitutionality of the federal government assuming jurisdiction over all air space and the proposals for a federal fund for aircraft reinsurance.

Hodges at Kansas City, Kan.

The Kansas City (Kan.) Association of Insurance Agents met Aug. 23. W. C. Hodges, manager of the Kansas Inspection Bureau, Topeka, discussed the new Kansas fire and automobile rates and rules, revised forms and other changes.

win, then serving as auditor for the Jaeger Manufacturing Company.

ACCIDENT AND HEALTH

Now Making Drive for Smaller Employee Groups

Some companies are making a very strong drive, selling non-occupational accident insurance policies on a franchise basis where there are five or more people employed. This contract is sold where there are too few to form a nucleus for group insurance. There are hundreds of thousands of small businesses, especially in the smaller population centers, where there are comparatively few people employed. If there are five or more a contract can be issued that is cheaper than if each one took an individual policy. Where there are ten or more there is a still greater differential. Many agents have been specializing on groups of this kind and have been successful.

Opportunity to Write Insurance for Families

With so many different members of a family being employed these days, there is a new market open to men selling life and accident insurance especially because the family exchequer is greatly enlarged. There is a demand for boys and girls, 12 years of age, for example. Anyone who is able to work can get a job at a very adequate compensation. Therefore unemployment is practically wiped out for the time being. With all the members of a family at work or at least most of them, there is an opportunity to tap this new source. Many companies issue so-called family policies, writing all members of the group.

Plan for Public Relations

LOS ANGELES—The Accident & Health Managers Club of Los Angeles at its August meeting worked out plans for cooperating with the Insurance Economics Society in its public relations campaign. E. E. Hanson of the Automobile Club of Southern California was named chairman of a committee to assist Harry Perk, Jr., national executive committeeman of the National Association of Insurance Agents, who is in charge of the Economics Society public relations work on the coast.

The club decided that, because of transportation difficulties and war conditions, it would not participate as a body in the accident and health sales congress in San Francisco in November.

F. B. Alldredge, former president of the club, now general agent at Stockton, Cal., of Occidental Life, was a guest at the meeting.

World Enters Oklahoma

The World of Omaha has entered Oklahoma. Yale Shamburg and Mac F. Rachmel, who have been large producers in Oregon and with long experience in that state, have been appointed Oklahoma state managers.

Blue Cross Plan in Seattle

The six leading Seattle hospitals have formed the Northwest Hospital Service Plan, which is the Seattle unit of the Blue Cross.

To Raise Group Rates in Canada

TORONTO—Increased rates in Canada for group sickness insurance are expected to be put into effect shortly, due to an abnormal increase in claims. There is no definite information as to

just how much the advance will be, but it is estimated at 15%.

The 1942 loss ratio was 64.04%, and the heavy claim trend still continues. It is believed that war conditions in business and industry are responsible for what may be termed a "plague of minor ailments."

Gordon Burns N. H. Secretary

Gordon Burns, Connecticut General Life, Manchester, has been elected secretary-treasurer of the New Hampshire Association of Accident & Health Underwriters to succeed J. E. Houle of the same company, who is critically ill at Notre Dame Hospital.

Travelers Pays on Glider Death

ST. LOUIS—A check for \$15,000 under an accident policy taken out about 27 years ago by Mayor W. D. Becker, who was killed in the crash of an army glider Aug. 1, has been received from Travelers.

The policy contained a clause excluding "engaging in aeronautics," but the company decided that the mayor was not engaging in aeronautics while merely a passenger during a glider demonstration.

COMPENSATION

Plan Set Up for Mexican Laborers

SAN FRANCISCO—In view of the guaranty by the Farm Security Administration in its agreement with the Mexican government for the importation of farm laborers to relieve shortages in California, that the Mexican laborers will receive the same protection in industrial accidents as California workers, the California Inspection Rating Bureau in cooperation with Commissioner Caminetti has issued a circular giving the "pattern" to be followed in writing this business.

It is estimated that there are now approximately 40,000 of these imported Mexican nationals working in California and it is expected the number will shortly reach 60,000.

Certain agencies, usually farm associations, are designated by the Farm Security Administration to be responsible for the workers in groups of approximately 100, and the individual farmers hire the workers through these groups.

One Master Policy

The formula set up by the bureau for handling the situation calls for a single master policy to be issued covering the association, processor or the group formed to sponsor the labor groups. The sponsor is considered the employer of the Mexicans from the time they are delivered by the Farm Security Administration until they are returned into the custody of the administration. Remuneration of laborers must be reported and used for premium purposes under the policy; each policy is to contain a blanket endorsement that each member participating in the group for the use of the imported labor, whether an individual firm or corporation, shall be considered an additional insured employer under the policy. A restrictive endorsement is also attached to the policy confining the coverage to the Mexican nationals. Upon delivery of the policy a special endorsement must be forwarded with instructions that the association furnish it to each of its participating members and that they have it attached to their individual policies if such participating member is insured, setting forth that the policy does not insure injuries (or death resulting therefrom) sustained by any imported Mexican na-

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50,000 or Over.....	More than 150
25,000 or Over.....	More than 175
10,000 or Over.....	More than 250
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tional farm laborer for whom insurance has been provided. Manual rates are to be used throughout and in assigning the farm classifications, the manual rate for the crop worked upon shall be used, regardless of any rate which may be already established for any individual participating member's farm.

In order to avoid confusion on the part of the farmers, Commissioner Caminetti has instructed the bureau to waive the special requirements of standard endorsement No. 11 which provides that where a restrictive endorsement is used a warning letter must be sent by the bureau to the insured calling his attention to the fact that he is not fully covered. The rule also requires that each such case must be referred to the industrial accident commission and the commissioner for formal consideration. The industrial accident commission has expressed its approval of the waiver.

Overtime Figured in Premiums, But Not in Benefits, Okla. Contention

OKLAHOMA CITY—With a view to establishing a lower rate on compensation insurance in Oklahoma, Mott M. Keys, special investigator appointed by the governor for this purpose, is investigating the plan under consideration in Texas. He and the governor attended the hearing before the Texas insurance board in Austin, to obtain all information available. The 6.6% decrease recently approved by the Oklahoma insurance board is not considered sufficient by the governor.

The plan under consideration is to establish a more equitable method of figuring experience, Mr. Keys explained. He contends that at present companies take into consideration overtime and half-time payments to employees in computing premium charges but fail to do so in figuring benefits.

He pointed to a worker earning \$56 a week, who is entitled to compensation up to \$18, "but when the insurance companies' auditors check the payrolls they count in the overtime, time and half and double time paid the worker in collecting premiums. Yet in figuring loss ratios they only include the \$56 weekly wage the employee is paid and not the extra pay, which might run as high as \$120 per week."

Based on total premiums collected in Oklahoma, the decrease should be 40%, the governor contends.

Resume Cal. Hearings Sept. 21

SAN FRANCISCO—Hearings are to be resumed here Sept. 21 in the investigation of workmen's compensation practices conducted by Commissioner Caminetti, for these companies: Royal Indemnity, Globe Indemnity, Pacific Indemnity, Fidelity & Casualty, Associated Indemnity and Industrial Indemnity Exchange. While citations were issued to these and other companies some time ago, the companies will be given at least 10 days notice in which to prepare their material.

New Plans Approved in Vt.

MONTPELIER, VT.—Deputy Commissioner Pingree has approved, effective Oct. 1, the new workmen's compensation rating plans proposed in both the stock and mutual programs filed by the National Council on Compensation Insurance.

A. & H. Survey Is Launched

(CONTINUED FROM PAGE 21)

tively engaged in the accident and health insurance business will be sought. Mr. Blanchard has had many conferences with the organizations representing the accident and health carriers, as well as with the officers of individual carriers. The study has been assured

the cooperation of the Bureau of Personal Accident & Health Underwriters, Health & Accident Underwriters Conference, International Federation of Commercial Travelers Insurance Organizations and the National Negro Insurance Association.

Resist Income Tax Claim

LOUISVILLE—Municipal Housing Commission was restrained in a temporary order issued by Federal Judge Miller from paying an income-tax claim of \$13,000 that the government holds against W. J. Paul of Zanesville, O., contractor on Sheppards Square, Negro

housing project. The order was requested by American Surety and New York Casualty, that wrote a performance and payment bond for \$540,214 for Paul.

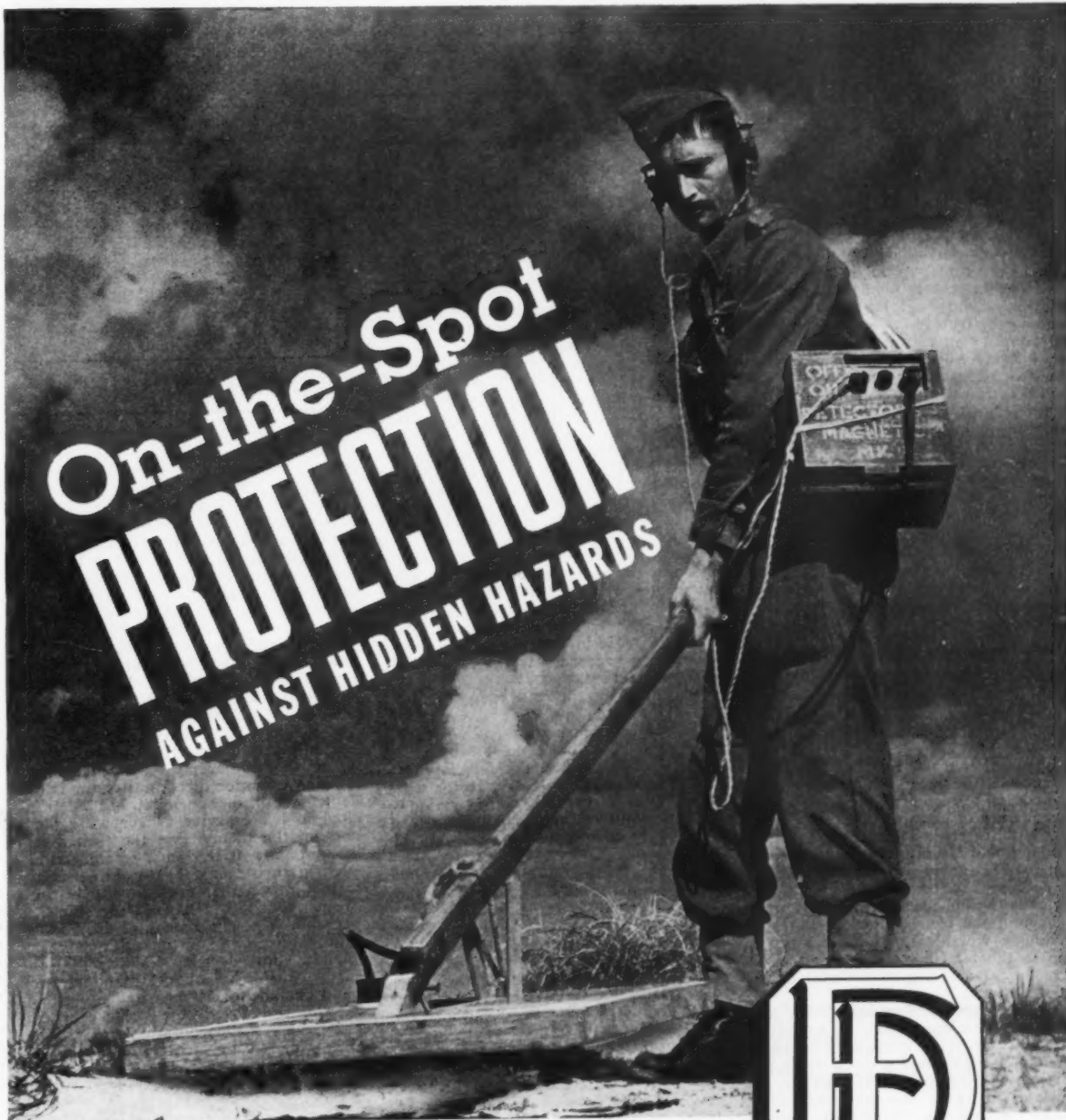
The sureties said Paul is "utterly insolvent" and owes large sums for labor and materials which cannot be ascertained until he completes the terms and conditions of his contract. They said Paul obtained a contract for demolition, construction and improvement work at Sheppards Square amounting to \$1,117,493. The housing commission still owes \$60,809.

Last week the collector of internal

revenue served notice of a levy of \$13,029 for income tax and the commission agreed to pay that sum over to the government unless restrained. The unemployment compensation commission also has filed a lien of \$11,619 claimed for unemployment tax due.

The surety companies request that all lawful claims be met from the \$60,000 remaining on balance with the Housing Commission.

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Surety Must Be Wary if Estate Owns Business

(CONTINUED FROM PAGE 22)

or administrator who ordinarily is under no duty to convert non-legals. Of course, as with all investments, he must be on the watch to see the estate assets are not impaired and if possible he should be represented on the directorate and elect officers who are competent to manage the corporation but that does not mean the fiduciary may elect himself a salaried officer and he should not do so, Mr. Holmes warned.

In considering what might happen if a fiduciary wrongfully continues a business, there is no need to think of anything but legal enterprises. A fiduciary who carries on a business which is illegal is free to pocket the profits since they are not assets of the estate. On the other hand, if without proper authority a fiduciary continues a legitimate business he and his surety are apt to find themselves in a very serious situation.

Loss Either Way

The beneficiaries of the estate have the privilege of electing whether they will ratify the fiduciary's conduct, in which event the fiduciary must account for all the profits, or they may treat the continuation of the business as unauthorized and hold him liable on his bond for any losses. Debts incurred by the fiduciary in continuing the business are his individual obligations and are not obligations of the estate.

The consent of all persons interested in the estate, including creditors, may protect a fiduciary from liability to them for wrongfully continuing a business. However, there is considerable doubt whether the fiduciary can escape individual liability for debts incurred by him in the operation of the business.

Authority to continue a business may be conferred upon a fiduciary under a will or other instrument creating the trust but the intention must be in explicit and unequivocal language. Oral directions are not sufficient. Furthermore, the courts usually hold that unless a different intention is expressed, the authority conferred upon an executor or trustee does not pass to whoever succeeds him.

Courts' Powers Are Uncertain

When the trust instrument confers no authority in the matter the power of the courts to protect the fiduciary independently of statute is quite uncertain, Mr. Holmes said, warning that the importance of determining the exact extent of the court's jurisdiction cannot be overemphasized. An order authorizing the continuance of a business which is beyond the court's power to grant is obviously worthless, affords no protection to the fiduciary and his surety and may be set aside upon a direct or collateral attack.

The speaker cited a Mississippi case in which a widow qualified as administratrix of her deceased husband's estate. She obtained a court order purporting to authorize disposal of the stock of furniture and household goods in the decedent's business at private sale. Later on, when the administratrix filed her account the creditors of the estate objected to expenses incurred in the conduct of the sale and the higher court said that the court order authorizing the sale was a nullity, the sale having been unauthorized and in law a wasting of the estate, and that the expenses incurred were not charges on the estate.

Might Continue Temporarily

Even the power of a chancery court to authorize the continuance of a business under its broad power to control and administer trusts of all kinds seems doubtful, said Mr. Holmes. In the absence of a statute a probate court is without power to authorize the continuance of a business although the order of a probate court authorizing a fiduciary to carry on a business temporarily for

the purpose of winding it up or selling it as a going concern is considered valid by some authorities.

Because of the lack of power in the courts to authorize the continuance of a business most of the states have adopted statutes conferring such authority, Mr. Holmes said. These vary in many respects, but, with the exception of a few which authorize the fiduciary to act without consulting the court, court approval is made necessary. None attempt to deal with the problem as affecting fiduciaries in general. The majority are limited in their application to an executor or administrator and hence cannot aid a guardian, committee, trustee or other fiduciary.

MANY RESTRICTIONS

Quite often the duration and purpose for which the continuance of a business may be authorized is limited—generally being for only so long as may be necessary to liquidate or sell it. Conditions may be laid down by the statute, for example, a requirement of notice to interested persons. Failure to comply with such conditions impairs the effect of any court order that depends on the statute for validity.

A fiduciary who continues a business, even though strictly within the limits of the authority conferred upon him, will be liable to the beneficiaries and creditors of the estate for resulting losses and impairment of the estate if he acts negligently. In a typical case the testator, by the terms of his will, authorized his widow, whom he also named as executrix, to use her discretion as to continuing his general store business for the benefit of the estate. She ran the store for about three years but evidence showed the business was a losing proposition before the owner's death and afterwards there was a decided decrease in patronage. No proper accounting records were kept. The court concluded that the executrix had been imprudent in continuing the business and was liable for the resulting loss. Mr. Holmes pointed out that if loss is to be avoided the business ability and judgment of the fiduciary who continues the business is a factor which must receive careful consideration in every case no matter how full and complete the authority conferred on him may be.

No authority in the trust instrument can subject the estate creditors, without their consent, to the delay and risks incident to the operation of a business and there seems to be no reason why the same rule should not apply when the fiduciary acts under authority of a court order. Of vital importance to the fiduciary is the fact that authorization by the trust instrument or by a court to continue a business does not relieve the fiduciary from personal liability for debts incurred in connection therewith.

To protect himself in this respect he must when dealing with creditors exclude his personal obligation by express stipulation. In a proper case he can obtain reimbursement from the estate. It should not be overlooked though that unless there is clear evidence of a different intention, such a power in the trust instrument will be interpreted as an authorization to employ only the assets which are already invested in the business. Hence, trade creditors resulting from the fiduciary's operation of the business, as distinguished from creditors of the estate, may be limited to the assets of the business for the satisfaction of their claims and have no rights against the general assets of the estate. The same rule has been recognized as equally applicable where the business is continued under an order of court.

A fiduciary is guilty of negligence by failing to collect a debt due from an incorporated business wholly owned by

the estate. If the business is in financial difficulties, he should not pay its debts or make loans from funds of the estate, in the first place because the debts are not obligations of the estate and in the second, because the loans do not meet the requirements of proper trust investments and even court approval will not protect the fiduciary where his power of investment is restricted to certain securities. It is equally bad for the fiduciary, individually, to lend money to the business, because he thereby places himself in a position which may be adverse to the interests of the trust beneficiaries.

Where the fiduciary is also an officer of the estate's corporate business and the business is indebted to the estate, or has issued securities held by the estate, he must act with great care. Should it get into financial difficulties, his knowledge as an officer charges him with the duty to protect the estate and requires him to take prompt steps for collection of the indebtedness and for disposal of the securities. By failing to act, he makes himself liable. The application of the rule is quite familiar in the case of bank deposits, and the reasoning of the court will be seen to be equally pertinent where a business owned by the estate is involved.

CLOSE CHECK VITAL

Finally the fiduciary must keep proper accounts from which it can be determined whether the business operations have resulted in a profit or loss. If this is not done he and his surety will be charged with compound interest on the funds of the estate used in the business. The object of the law is to place the estate in the same situation as if the fiduciary had performed his duty. Therefore the measure of damages is the amount, including the principal, which would have been realized had the fund been properly invested, the presumption being that the profits would have equaled the rate of interest.

The conclusion has been reached, said Mr. Holmes, that where the fiduciary is also liquidating a partnership as surviving partner the surety on the fiduciary's bond as executor or administrator is not liable for mismanagement by the principal in his capacity as surviving partner, on the theory that the firm assets are not part of the trust estate. However, in such cases, it is often necessary to inquire whether the fiduciary because of his conduct in the partnership has been guilty of any breach of duty as executor or administrator. Mr. Holmes cited a court decision holding that the surety was liable on the administration bond for the principal's defaults as officer of the corporation because he embezzled all the corporation's assets and thus violated the trust in that he destroyed or lowered the value of the stock and consequently the assets of the estate.

However, if the embezzlements were committed by someone else whom the fiduciary had placed in charge of the business, there would be no liability on his part assuming he was not negligent in his selection and in retaining the manager.

A situation where a fiduciary must watch his step is where he is operating a business and is a life tenant in the estate entitled to the income, and his activities in the corporation can bring about increased dividends. Though there may be no intentional wrong-doing, a fiduciary will be called upon to refund to the estate any dividends received by him as a life tenant which in fact were accretions to capital.

On the other hand the fiduciary must be careful not to go so far in setting up reserves for depreciation or paying off a large capital debt to the estate that he unjustifiably reduces the income of

Government Check Losses Increase in War Periods

Glens Falls Indemnity in discussing bonds covering loss of government checks, says that while in normal times there are many checks of the federal government in circulation, the present volume during wartime has tremendously increased. Glens Falls Indemnity says it is only natural that some of them will be lost or mislaid.

In order to get a new check or its equivalent in money, the government requires a bond to protect itself against claims of third parties or innocent holders of checks which have been accepted in good faith. The company says before such a bond can be issued, the agent must carefully investigate the circumstances surrounding the loss of a government check.

the life beneficiaries by reducing dividends paid on the corporation stock held by the estate.

The conduct of a fiduciary in a business in which the estate has an interest must always be consistent with his duty to the beneficiaries of the trust, whether it be the duty to invest, to protect the respective rights of income beneficiaries and owners of the principal of the trust or any other of his fiduciary duties. If he is in doubt as to the course which should be pursued or is uncertain whether his activities in the business will conflict with his duties as trustee it is proper for him to seek the guidance of the court, Mr. Holmes pointed out.

New Compensation Wartime Wage Program Approved

NEW YORK—A wartime emergency program with respect to overtime wages in calculating workmen's compensation premiums has been approved by the rates committee of the National Council on Compensation Insurance. It has now been submitted to the regional committees of the National Council and to the independent rating bureaus. After approval by these committees and bureaus, the program must be submitted to state supervising officials before it can become effective in any state.

As reported in THE NATIONAL UNDERWRITER last week, that portion of wages paid derived from application of a surcharge above and in addition to the regular wage rate to hours worked in excess of the standard work week is excluded in the computation of premium, provided the employer keeps proper books and records which show separately such portion of wages paid, both by individual employee and in summary by workmen's compensation insurance classification.

If the employer's books and records do not provide the specified information, but do show separately both by individual employee and in summary by workmen's compensation insurance classification the wages paid for the number of hours worked not in excess of the standard work week and the wages paid for the number of hours worked in excess of the standard work week, including in such wages the surcharge portion, one-third of the wages paid for hours worked in excess of the standard work week is excluded in the calculation of premium.

If the employer does not keep the specified books and records, the entire remuneration is used as the premium basis. The proposal would be applied to all payrolls earned effective Oct. 1. It has already been approved for use in Kentucky in lieu of an order of May 18 requiring the exclusion of "involuntary bonuses" in calculating compensation premiums.

Gordon Reviews Wartime A. & H. Trends

(CONTINUED FROM PAGE 23)

reached on what has become known as the "Illinois war clause," which provides: "This policy does not cover any loss caused by war or any act of war, or suffered while in military or naval service of any country at war." That clause has been used universally by most companies since that time and has been approved in all states, Mr. Gordon said.

In 1940-41 a number of questions arose in connection with the coverage of men in national guard units in summer training camps and in selective training and service. It was agreed quite generally that the old war clause should not be enforced strictly and that policyholders with policies containing that clause should be covered while in military or naval service while the United States was not at war. There also was considerable question in regard to geographical limits of policy coverage. Most companies felt that because of war conditions all new policy forms should contain a geographical limitation restricting coverage to the continental United States and Canada.

Clause Interpreted Liberally

Complete uniformity has never been achieved in regard to the underwriting of the war hazards, Mr. Gordon said, but the majority of companies have adopted a very liberal interpretation of both the war exclusion clause and the military and naval service clause, with the result that there has been little misunderstanding and complaint on the part of policyholders.

In considering borderline claims as a result of blackouts, sabotage and other like hazards, since most companies used the phrase "act of war" in their war exclusion clause, the question was raised prior to the entry of the United States into the war whether or not the word "war" meant declared war or whether it could be interpreted to include undeclared war. Some companies inserted the words "declared or undeclared" after "war" in the newer policy forms. In a Massachusetts case, Stanhus vs New York Life, involving the sinking of the "Reuben James," it already has been held that "the existence of a war is not dependent upon a formal declaration of war."

BLACKOUTS, SABOTAGE

All companies agree that actual bombing, invasion, bombardment and such enemy acts constitute an act of war, Mr. Gordon said, and consequently injuries occurring in such acts are excepted from policies containing the war exclusion clause. However, in the case of blackouts, unless there is definite proof that the injury itself was caused by fire, shell fragments, collapse of a building due to bombing or some similar cause, the injury is not excluded. The question of sabotage raises the point whether the sabotage was committed by an enemy agent. If so, Mr. Gordon said, it undoubtedly was an act of war and should be excluded but if sabotage is committed by aliens here who might be friendly to enemy countries with which the United States is at war, a highly doubtful question exists as to whether such action is the result of an act of war.

The military and naval service exception clause has been generously construed. Policyholders now in the armed forces are protected against practically all except actual war accidents, even though they are military in character, while in this country. No complaints have been heard by public officials, resulting from the interpretation of this clause.

Action as to Old Policyholders

Where policyholders entering service desired to drop accident and health insurance because of decreased earning power and the fact that they seldom

would incur a loss of income or medical expense in the army, most companies agreed to terminate the policies, refund the pro-rata share of the premium and to reinstate the policy upon evidence of insurability within 30 or 60 days after discharge from the army or navy and with all accumulations in effect at the time the policy lapsed. A special agreement along this line has been arranged by the companies writing non-cancelable accident and health and formally approved by the insurance commissioners.

Civilian War Hazard Policy

"The accident and health companies," Mr. Gordon said, "have exercised utmost diligence to keep their policyholders just as adequately insured as possible throughout the war, whether they be in the armed forces or on the home front, and have recognized the value of public good will in extending accident coverage to those in the services against ordinary accident which might occur to anyone and by their liberal interpretation of the war exclusion clause."

He reviewed the setting up of the machinery by the Health & Accident

Underwriters Conference for the issuance of the civilian war hazard policy and the provisions of that policy, together with the procedure followed. He declared that the reinsurance agreement used in connection with the pool plan adopted for writing this policy "is a model for the distribution of an unusual hazard that cannot be undertaken by a single insurance company; the policy contract is a model in simplicity and yet adequacy; the whole program is a wonderful demonstration of the flexibility of insurance underwriting, the progressiveness of present day accident and health insurance and the ability of private insurance to serve the public."

He also took up the more recently issued victory farm volunteer accident policy as "another practical demonstration that accident and health insurance can respond to an emergency and that companies have the ingenuity and progressiveness to give the American public disability protection in almost any form."

Social Insurance Proposals

In reviewing pending proposals for social insurance, including the extension of the social security act to include disability and hospitalization insurance, he declared that there are just two roads over which the American public

travel to enjoy social security. One is that "laid out by social planners and bureaucrats, the road map of which is sketched by such a measure as the Wagner bill." The other is a tried and proven road—"one we have been traveling for 150 years," which has given life insurance to 65,000,000 people in this country, furnished disability insurance to 45,000,000 wage earners, enrolled 11,000,000 in Blue Cross Hospital plans and brought about the purchase of billions in war bonds. "Because it is voluntary and not compulsory, it has aided to build a standard of living in America far greater than any foreign scheme founded on compulsion," he said.

Share-Ride Plans Don't Alter Guest Law Construction

(CONTINUED FROM PAGE 23)

driver to the occupant would not be altered in states having no guest statutes, or in states having guest statutes where under the circumstances it is held that the occupant is a passenger and not a

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1	22	58 door
2	76	77 fronts
2	44	77 returns
1	22	58 door
4	62	77 fronts
4	44	77 returns
2	22	58 doors
1	124	77 front on Orangelaan
1	42	77 return
1	22	58 door
1	43	77 return
1	87	77 front
1	86	77
2	72	77 returns
2	44	77 door
1	22	58

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be liable anyhow. But the determination of the question of joint enterprise remains important in an action by an occupant of the car against a third person and in an action by a third person where the negligence of the driver of the car in which the occupant is riding, for in each such instance the negligence of the driver would be imputed to the occupant.

Essentially most share-the-ride plans provide that two or more workers will alternate in the use of their cars either daily or weekly and that in event one is transported who does not own a car or use a car he will pay the others a compensation. The question simply is: What is the liability of the driver and owner of the car in the event of an injury to one of the others transported?

As to the liability of a driver to a gratuitous guest or passenger, the states fall into three groups, he observed. First are those states in which it is held under the common law that the owner or operator of a car who invites or permits another to ride with him as his guest is bound to exercise reasonable care. In such states the owner or operator is liable to his guest if the latter is injured by reason of the owner's or operator's mere negligence.

Secondly are the states in which the courts have held that the owner or operator is liable to a guest riding gratuitously only for gross negligence. In this category are Georgia and Massachusetts but in the latter state simple negligence is sufficient for death cases by reason of special statute.

Then there are those states in which there are guest acts exempting the owner or operator from liability to a guest with varying exceptions. The exceptions run the gamut from intoxication, through intentional acts, wilfulness, recklessness, disregard, wanton disregard and gross negligence. There is no uniformity among the acts in the phraseology in defining guests. Generally the different phrases mean essentially the same thing and they have been so interpreted by the courts. In the first group of states the share the ride plans can raise no essentially new question. Whether the one being transported has paid compensation or not the owner or operator is liable to him for his negligence. In the other states in order to determine the legal question arising out of a share-the-ride plan it is necessary to determine whether the owner or operator paid for the transportation.

Mr. Oare said that if the arrangement is of a business nature or the contract for transportation bears one or more indicia of a business arrangement, the furnishing of gasoline and oil will amount to compensation.

Among other cases Mr. Oare referred to the much publicized decision of the Ohio supreme court in an issue arising over a ride sharing agreement in which it was stated that there cannot be one construction in peace time and another in war time as to the same factual situation unless appropriate provision is made therefore in the statute. The issue narrows down as to what constitutes payment for transportation, and whether there was such payment under the circumstances of the case.

Pacific Indemnity Figures for First Six Months

LOS ANGELES—Net premiums written by Pacific Indemnity the first six months totaled \$6,755,783 against \$4,723,558, an increase of 41.02%. Underwriting and investment earnings totaled \$752,021 against \$620,080, after provision for federal income taxes of \$753,022 in the current period, against \$456,107 in 1942. Figures for both periods are before adjustment of statutory loss reserves.

Market value of investments increased \$856,618 for the six months. Assets June 30 were \$19,856,548 and surplus to policyholders \$6,336,919. Based on market value of securities, surplus to policyholders would be \$6,801,927.

Changes Emphasize Term "Occupation"

(CONTINUED FROM PAGE 24)

classed by the executive board as more hazardous than that of a commercial traveler.

However, another insured went to his father's farm to take over the management during haying season while his father was incapacitated, and in the course thereof was killed. The court held that although the occupational provision permits "the occasional doing of the various acts of recreation, exercise, accommodation, and duty which are recognized as proper incidents in the lives of men of all occupations," that in this particular case the insured's employment "cannot be treated as incidental and occasional. His was not the case of a visiting relative who rides the horse, or throws on a load of hay by way of amusement, exercise, or accommodation. He went to take his father's place because of his father's disability, and presumably would have continued in that place until the haying was done if he had remained uninjured, and his father's disability had continued so long. The work undertaken was not the doing of a single act, nor the rendering of occasional assistance. It was the continuous performance of the series of acts which constitute the occupation of the haying season. In thus taking his father's place, he assumed, for the time being, his father's occupation, and brought himself within the clause under consideration. It cannot reasonably be said that the company assumed the hazard of this work at the premium charged for the lesser risk." (Estabrook's Admrs. v. Union Cas. & Surety Co., 74 Vt. 473; 52 A.)

Household Injuries Covered

Most contracts include injuries sustained in the ordinary duties about the household and do not consider them under the classification of dangerous occupations, Miss Blake said.

The courts have taken a liberal attitude toward indulgence in recreational activities. Thus bicycling for pleasure has not been considered a more hazardous occupation nor even when the policy contained an exclusion as to losses arising in this manner have they been consistently enforced. Where the injuries were received while hunting the majority of the courts refuse to reduce the indemnity.

Under the standard provisions in effect in at least 22 states the question of whether the insured is engaged in a more hazardous occupation than that specified in the application is a question for the jury, Miss Blake explained, pointing out that she had not taken the standard provisions in discussing the above cases.

MILITARY SERVICE

The provision in policies that the company shall not be liable for death or injuries occurring by reason of military or naval service has been uniformly sustained as not void as against public policy, she stated. A company has a right to select the particular risks it is willing to assume and there is no public policy against a contract of this sort exempting the company, in advance, from liability for death of the insured while in the military or naval service. The stipulation ordinarily does not provide for a forfeiture of the policy but merely for an exemption from liability under certain circumstances and conditions, and the courts have said that such provision holds out no inducements to the assured to refrain from enlistment in his country's service and does not constitute an agreement not to enlist or to evade the draft law.

In this respect courts have not differentiated between voluntary or involuntary service, between service performed under enlistment and service

performed under the draft law, and base their decisions upon the reasoning that the hazard or risk from engaging in war is just as great in the one case as the other. Even though the word "enlisted" is used, this is not confined to voluntary enlistment.

Military service has been held to commence when a person has passed the examination, been enrolled and has become subject to the orders of the military authorities. He then gives up for the time being the occupation of a civilian and takes up the tasks of a soldier. Where the phrase "active service" has been used, it has been held to mean persons actually in duty, either overseas or at home, and not persons still in training. The word "active" would not have been inserted by the insurer in the application were it not intended that it be given some meaning. Thus an insured who enlisted in the army medical corps and died from pneumonia at a training camp, was held not to have entered into "active service" within the meaning of a provision invalidating the policy if the insured entered the active service of the army without permission from the company.

Question of Liability

If a higher premium is required, failure to pay such premium relieves the insurer absolutely of liability as a general rule. Clearly the limitations of liability are effective where the death or disability arises directly from a wound received in war and the same result is reached where the accident causing the death was peculiar to the war, as for example, a collision of two transport ships.

The overwhelming weight of authority is that in order to relieve the insurer of liability, it is necessary that it be clearly shown that the death or injury arose directly from a peculiar military hazard and was a consequence of such military service.

Injured on Furlough

In the case where an insured was inducted into military service and went to a military camp to prepare himself for training and was granted a leave or furlough until midnight, upon which he left the camp on an automobile and was killed in a collision with an automobile, the court held the accident was not a risk of military service within the meaning of a provision in the policy that such service in time of war without a permit from the company was not a risk assumed; a furlough being a leave given to an officer or soldier to be "absent from service" for a certain time.

The majority of available cases involving "change of occupation" from civilian life to that of the armed forces found their way to the courts following World War I. Miss Blake reported she had been unable to find any reported cases as the result of World War II, but the World War I cases will no doubt serve as a polar star when the courts are called upon to construe the many claims against the insurer made by those in the various branches of the service.

Compensation Hearing in Texas Is Field Day

(CONTINUED FROM PAGE 24)

representatives in spite of the plea by the statisticians that such payrolls were already definitely considered in promulgating the rates. The hearing was a field day for carriers, agents and employers who wanted to express themselves on compensation rates and laws in Texas, and instead of adjourning at noon as is usual with most hearings, this one continued until 4 p. m.

Submitting a table showing the Texas distribution of risks by size for 1938-1939

policy years, Mr. Allen said that on an average over all, the stock plan submitted proposes a discount of 6.37% and the non-stock a discount of 2.21%. He therefore, proposed to give all employers the benefit of the more liberal of the two plans, because he said, "on an average for the two years under review we find that 19,025 or 87.6% of the employers who pay 23.2% of the premiums, would not be benefited by the plan; 2,099 or 9.7% of employers would get a discount of 4.13% on 27.7% of the premiums; 584 or 2.7% of the employers would get a discount of 10.62% on 49.1% of the premiums. This illustration brings out clearly that the plan is designed to substantially benefit only 2.7% of the employers in Texas, although they pay 49.1% of the premiums."

Mr. Allen said that the proposal submitted by Texas Employers would give 19,025 employers, denied a discount under the National Council proposals, relief on their compensation rates. And, according to Mr. Allen, it will also give the 2,099 employers whose premiums are between \$1,000 and \$4,999 a larger discount than that proposed by the council.

When questioned about the number of employers who would receive a smaller discount than that proposed by the council, Mr. Allen said, "it will give to only 584 or 2.7% of the employers a smaller discount than that proposed by the National Council. It is reasonable to assume that this latter group will not be adversely affected as they are now either insured in participating companies and receiving refunds in the form of dividends or if they are insured in non-participating companies competition has forced these companies to offer them retrospective rating which provides for refunds for good experience."

Ralph Soape, independent insurance adviser of Dallas, filed a plan which he said does not differ in principle from the filing made by the casualty committee of the Texas Association of Insurance Agents. He, however, urged that each company be permitted to determine its own discount or "unloading."

Mervin Miller of Fort Worth, chairman casualty committee, Texas Association of Insurance Agents, stated that he had understood that the original stock company plan was in harmony with that filed by the casualty committee of the Texas agents.

H. L. Richardson, answering questions concerning the interstate feature of the stock company plan (a feature not favored by the Texas agents), stated that risks belonging to the same insured, located in different states, would have to be placed in the same carrier.

Mr. Haugh stated that the stock company purpose is to offer buyers optional plans so that each might have the advantage of the plan which he believed would be most profitable to him.

Walter Evans, Jr., spoke in behalf of the Texas Ginnners Association, pleading that the \$10 flat charge has raised the cost of their compensation insurance to \$76. He stated that the losses suffered are usually small and that on the average their cost for protection is excessive. He made the point that owners of a gin plant work in the plant during the ginning season and yet are without protection for themselves. He closed with the plea that some relief be given.

Claude Callaway, attorney for the Texas State Manufacturers Association, introduced President A. P. Branscomb of the manufacturers association, who said manufacturers are paying too much for compensation and stated that it is the purpose of his organization to see that the present situation is corrected. He asserted that the laws of Texas need changing and that the board of insurance commissioners may be certain that when they desire corrective legislation they will have the support of his association.

Scott Hardy, secretary of the Texas Hotel Association, pointed to the cost problems of operating hotels, stated their losses are small, and urged that they be given relief on their losses which are small and nearly always under \$1,000.

General Counsel Removes Sting

(CONTINUED FROM PAGE 21)

and the insurance carried is financially sound, and the machinery for covering risks and meeting claims functions, then, to that extent, the growth and development of air transportation will be assured."

Method of Distribution

"An observer," he stated, "is impressed at the method of distribution of the risk among so many successful insurance companies. It seems that these companies should be able to carry not only the primary but also the reinsurance risks more economically and settle the risks more expeditiously and soundly than the government. But if these companies cannot meet the reasonable requirements and needs of the air carriers, the alternative is selfinsurance with its uncertainties in event of staggering losses, government subsidies or government insurance. Of course, governmental participation would be an indirect means of imposing on the taxpayers an additional tax in the development of air transportation. It seems fairly certain that neither the legislators nor the air carrier executives would tolerate governmental participation in aviation insurance, at least until all had concluded that private enterprise could or would not reasonably shoulder its responsibility."

He expressed the belief that no air carrier executive would advocate regulation of the insurance business by the government simply because air transportation, being in the public interest, is regulated.

Question of Profit

Mr. Shadle cited the A.T.A. estimate that for the five-year period 1937-41 from 36 to 31% of premium on scheduled airlines was available as profit for the insurers. The A.T.A. report among other things alleged that insurance companies were making undue profits. On that score Mr. Shadle made an understanding statement:

"It appears that a period of 14 years is the extent of experience of air carrier insurance companies," he said. "No doubt some valuable experience has been gained during the period, but it is a fact that this is but a second in comparison with the experiences of the life companies and the fire companies and surety companies. Not only is the time short, but the units insured have been small. The greatest number of private airplanes has been 25,000 (but a small percentage insured) while the air carriers had a total of 362. Compare this with coverage of 50 million buildings and 10 million motor vehicles by the fire and casualty companies respectively."

Should Evoke Cooperation

Mr. Shadle was by no means giving the insurers unreserved applause nor dismissing criticism but he did talk in a vein that should evoke cooperation on the part of the insurance interests. He did say that discussion about rates and profits of the aviation insurers is pertinent because legislators will not pass legislation in connection with the problem unless they are convinced the insurance companies are making an unreasonable profit and are not efficiently managed. They would interject their legislative prerogative in order that insurance premiums, one of the factors in aviation rates, would not constitute a disproportionate part of the rate.

Most of Mr. Shadle's paper was devoted to governmental jurisdiction over airlines and the question of liability of airline operators to passengers and cargo.

In addition to predicting that there will be no necessity for legislation to authorize the federal government to

enter the aviation insurance business, Mr. Shadle predicted that the federal government will exercise its jurisdiction over air space of the United States for air navigation; that uniform liability will be established for air carriers; that the air passenger or his representative will be assured of compensation to a maximum sum in the event of injury or death, or for loss or damage to his property or baggage unless the air carrier can establish the absence of negligence or contributory negligence.

Mr. Shadle asserted the opinion that the aviation development for which most Americans hope and expect and existing state laws affecting aviation cannot exist together. Aviation, he declared, cries for uniformity and without it the progress of the industry will be retarded. Were all states to adopt the uniform body of law to govern aviation, even though a bad body of law, the uniformity in itself would remove conflicts and the air carriers would know the worst to expect. But this is too much to expect, he declared.

Wrestling with Problem

Congress, he declared, through the committee on interstate and foreign commerce of which Congressman Lea of California is chairman, is now wrestling with the problem. The chairman has appointed a permanent aviation sub-committee of 10. Then a smaller sub-committee was appointed of which Congressman Bulwinkle of North Carolina is chairman. That committee at recess in July ordered publication of a report. One section of that report is entitled "Aviation Insurance." In the sub-divisions of that section, the Civil Aeronautics Board is charged with the duty to keep itself informed concerning the business of insuring and reinsuring aviation risks, to make recommendations to the agencies of the various states having jurisdiction to regulate persons engaged in the business of insuring and reinsuring aviation risks concerning the adequacy and the reasonableness of insurance and reinsurance and to report to Congress concerning the adequacy and reasonableness of aviation insurance and reinsurance available to persons engaged in civil aeronautics, the question whether the aviation insurance market is consistent with the public interests and finally concerning the advisability and cost of provision by the government of reinsurance for aviation risks. It is expected that this report or its successor will be the basis for a new bill to be offered in place of HR 1012 which aroused so much interest at the last session.

Mr. Shadle also told something about SB 246 which was introduced in the Senate concurrently with the introduction of HR 1012. No hearings were held on this bill. Mr. Shadle also referred to HR 1992 to provide for air and war risk insurance.

Must Settle Responsibility

Mr. Shadle stated that the responsibility of the air carrier to persons and property on the ground, passengers and goods and to other air carriers must be settled. When this responsibility is known then there will be a reasonable expectation that some body of law governing aviation insurance will be enacted, if found essential. There is one determination to be made before any nationwide liability program may be made effective. The states and the federal government must decide whether aviation shall remain part inter-state and part intra-state or become all inter-state.

For a workable national program there must be uniformity of responsibility of the air carrier and a limitation of that responsibility to be achieved through federal legislation.

A passenger, owner of baggage or

other claimant thus would have assurance of the recovery of a maximum or stipulated sum unless the air carrier could show lack of negligence or negligence on the part of the other person. In aviation accidents it is exceedingly difficult for the claimant to prove legal negligence in a court. Many believe that just and an adequate compensation should be paid to the representatives of those killed, to those injured and to those who have lost property by the operation of aircraft. For example many believe that the maximum liability for death should be set at \$20,000 and for personal injury at \$50,000.

Unless the report of the CAB to the Congress on aviation insurance is unreasonably delayed, he declared, Congress will not act on this subject until the report is filed.

Mr. Shadle was appointed general counsel of the CAB in January of this year. Previously he had been counsel to the director of finance for the state of California. After serving in the last war in the Navy he graduated from Columbia University law school and then became special agent in the Department of Justice. He practiced law at Phoenix, Ariz., and later at San Francisco. For a time he was associated with the petroleum administrator for war in Washington.

Goldkamp Chicago Bond Head of Mass. Bonding

Robert Goldkamp has resigned as bond underwriter at the Chicago head office of Lumbermen's Mutual Casualty to become fidelity-surety manager for Massachusetts Bonding in Chicago, taking the place of T. P. Cunningham who has become Chicago manager of Ohio Casualty. Mr. Goldkamp has been with Lumbermen's in Chicago for the past year. Previously he was bond manager at Philadelphia and at New York for Kemper Insurance. He was with Standard Accident in the Philadelphia bond department at one time. He is taking a vacation at Philadelphia before entering upon his new duties.

Rationing Plans and Auto Rates

NEW YORK—There is considerable speculation on the forthcoming OPA regulation regarding gas rationing in the eastern states and the effect it will have on the automobile business. If the value of B and C coupons is not increased and the pleasure driving ban is continued there may be a movement for a further reduction in rates in the affected states. It is hoped such action will not be necessary because the business has already lost much of its attraction for producers.

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Additional casualty news on
Pages 16 and 17.

INSURANCE NEWS BY SECTIONS

MIDDLE WESTERN STATES

Mich. Executive Committee to Wind Up Work of Year

LANSING, MICH.—The executive committee of the Michigan Association of Insurance Agents has been called by President Arno R. Schorer for a session here Sept. 8. This meeting will close the fiscal year for the state organization, inasmuch as the annual convention has been canceled this year because of wartime restrictions.

A number of matters that normally would come before the membership at the annual meeting probably will be discussed and possibly acted upon by the executive group. Reports also will be made on the National association's public relations campaign.

Inasmuch as Governor Kelley has promised to call the legislature into special session, probably in January, consideration may be given by the committee to legislative subjects, particularly a proposal favored by many insurance men that Michigan's standard fire policy statute be rewritten along lines of the New York law.

Insurance Men Active in Indiana Fire School

INDIANAPOLIS—At the Indiana fire school in Indianapolis, James A. Bawden, Springfield Fire & Marine, representing the Indiana Fire Prevention Association, spoke on "Cooperation between Insurance Inspectors and Fire Departments."

Howard Bradshaw, local agent at Delphi, Ind., chairman of the rural agents committee of the Indiana Association of Insurance Agents, had charge of a session on "Rural Fire Protection."

J. E. Rudd of the state fire marshal's office gave details of procedure for securing O.C.D. portable 500-gallon pumper units. M. P. Susanke, Indiana Inspection Bureau, explained the principal details of the "A" and "B" requirements for rural fire protection.

Mr. Bradshaw, who presided over this session, led the discussion and outlined the tie-in of all of these various activities with the business of local agents.

Two Ohio Regional Meetings

The Ohio Association of Insurance Agents will hold district meetings at Lima Aug. 27 and Dayton Sept. 13. A trustee of the association will be nominated at the Dayton meeting. At both meetings Secretary T. M. Gray will explain the new Ohio financial responsibility act.

President E. B. Berkeley of the Ohio Association has appointed the nominating committee for the annual meeting in Columbus. It includes George E. Corby, Cleveland, chairman; C. W. Hendershott, East Liverpool; E. M. Farley, Coldwell; Bruce C. Shepherd, Dayton, and Harry T. Minister, Columbus.

L. U. Jeffries, warden of the Ohio department, will be one of the speakers at Dayton, L. T. Meuche, president of the Dayton association, will preside.

East Chicago-Hammond Day

The East Chicago-Hammond Insurance Agents Association will hold a field day Sept. 2 at the Woodmar Country Club at Hammond, Ind. There will be a luncheon and dinner with golf sandwiched between. John J. Block of East Chicago is chairman of the committee.

Members of the committee from East Chicago are: Alan Lewis, John Manta, Jos. W. Dunsing, Thos. S. Gozdecki;

and from Hammond, Wm. M. Lavin, Alan O'Rourke, Walter Thornton, and Julius Meyn.

Invitation has been issued to Commissioner Viehmann, as well as President Fred Richardt, Vice-president Herman Wolf, and Executive Secretary Harry McLain of the Indiana Association of Insurance Agents.

New Fire Guard Plan in Wis.

MILWAUKEE—A program for organizing and training fire guards to replace the present corps of fire watchers has been proposed to 14 Wisconsin cities in the so-called target areas by the State Council of Defense. The fire guard units, consisting of three men to a block, would be trained and equipped to put out any minor fires set by bombs. A 15-hour course of training is to begin about Sept. 15, under the supervision of local fire chiefs.

Fire chiefs in Wisconsin communities who voted recently to support the facility and security plant protection program set up under civilian defense, are living up fully to their pledge, according to E. L. Neff, state fire training coordinator.

Firemen's Field Men Busy

The firemen's group did some remarkable work at Peoria following the big storm. It dispatched all its Illinois field men to the city, headquarters were established and work of adjusting proceeded. The Underwriters Adjusting took the larger losses but the Firemen's people themselves handled a multitude of smaller claims. At first the group's losses were estimated at \$75,000 but now it appears they will be called upon to pay over \$200,000. In the district it had some 1400 claims. The Firemen's group does an extensive business in that district.

Rename Olmsted in Des Moines

DES MOINES—Fred Olmsted, head of Olmsted, Inc., was reelected president of the Des Moines Association of Insurance Agents at the annual meeting. He has held the office for two years.

Phil Jester of Jester & Sons was named first vice-president; James White, second vice-president, and Tom Moore, third vice-president. Ivan Anton was renamed secretary-treasurer.

The meeting followed the association's annual picnic at the summer home of B. C. Hopkins, state national director.

Form New Kansas City Agency

Raymond A. Edlund, William W. Barton and F. D. Sherer have formed the Edlund-Barton-Sherer agency in Kansas City. Messrs. Edlund and Sherer formerly were officials of the Merchants Bank and Mr. Barton formerly was with Prudential and R. B. Jones & Sons.

So. Minn. Regional Meeting

The Southern Minnesota Agents Regional Association at a meeting in Owatonna installed the new officers elected in July, headed by Fred Degan, Faribault, president. Personal property floater coverage was discussed by E. F. Westrum, Albert Lea.

Propose Storm Cover on Schools

A group of insurance men, headed by John Quast appeared before the city council with a proposition to place wind-storm coverage on the \$10,000,000 school

plant at an annual cost of \$1,512. The proposition seemed reasonable to the council if funds can be found to pay the premium.

Councilman Findlan said vandalism is costing the school system \$4,000 a year and he thought the city should do something about carrying vandalism coverage.

NEWS BRIEFS

The Mutual Insurance Club of Columbus, O., will hold its first fall meeting Oct. 4. A new secretary will be named to succeed Mrs. Hazel T. Zwayner, who resigned because of pressure of other duties.

The Insurance Women's Association of Kansas City will hold its first dinner meeting of the fall season at the Business & Professional Women's Club Sept. 8.

SOUTH

Ky. Farm Rules, Rates Improved

The Kentucky department has approved a new schedule of rates and rules for farm insurance that on the whole produces lower costs and provides liberalizations in many directions. The windstorm rates have been reduced substantially on risks other than barns and outbuildings.

On barns and outbuildings there has been a slight increase in windstorm rates but the fire insurance rates have been decreased so that the combined rate is lower. At most points the rate for the combined coverages is lower than in the past and the average over-all reduction is perhaps 10%.

There has been a substantial reduction in rates on farm personal property and the largest reduction in both fire and windstorm is on livestock. In the past livestock took the personal property rate but now it is a separate classification. In the past the personal property rate was \$6.45 for five year installment combined coverage. It is now \$4.50 for livestock.

Moreover the livestock item has been broadened to cover in and out of build-

ings and on or temporarily off premises except while in transit by a common carrier or in public stockyards.

Assistant Insurance Director D. R. Peel characterizes the new schedule as the best ever devised for Kentucky farmers.

Young with General Claims

George B. Young, former Dallas manager and assistant division manager of United Adjustment & Inspection Company, has become associated with General Claims Service of Dallas as co-owner and manager of the fire and associated lines division. Mr. Young has been in Texas since 1937. For the present, Mr. Young is in Houston supervising the handling of storm losses for General Claims Service.

Glass Claims Under Fire Policies

RICHMOND—Considerable damage was done, apparently with a glass cutter, to plate glass show windows of stores in the retail shopping district in Richmond. One of the stores is reported to have filed claims totaling \$6,500 under fire policies with endorsements giving protection against malicious mischief.

Agents' Meeting Date Changed

NASHVILLE—Date of the meeting of the executive committee of the Tennessee Association of Insurance Agents has been advanced from Sept. 10 to Sept. 17, according to Manager R. T. Cawthon. Past President Vernon Sharp, Jr., now chairman of the board, will preside.

Promote Fire Prevention Week

The committee for protection of life and property of the Chattanooga chamber of commerce is preparing a series of 13 dramatized programs over radio station WDOF for the promotion of Fire Prevention Week, Oct. 3-9.

NEWS BRIEFS

The Chattanooga Insurance Exchange and the Chattanooga Association of Insurance Women, in cooperation, plan a fourth session of the N.A.I.A. 100-hour school beginning in September.

The Austin (Tex.) Insurance Exchange held its annual outing Aug. 20.

PACIFIC COAST AND MOUNTAIN

Jewett Is Elected Portland President

PORTLAND, ORE.—At the annual meeting of the Portland Association of Insurance Agents Fred E. Jewett of Jewett & Dorman was named president; Harry Swart, National Mortgage & Bond, vice-president; K. A. Holloway, treasurer, and George R. Merriam, Cosgrove & Co., secretary. New directors are Addison P. Knapp, Harry Swart, and Richard Cole of Cole, Clark & Cunningham. R. W. Schmeer was reelected a director. H. C. Pownall is retiring president.

"Why is the agent being kicked around by the government?" Mr. Pownall asked in his presidential report. "Has there been a misunderstanding on the part of the government officials as to the services rendered by the local agent, or an erroneous idea as to the value of the local agent in the transaction of insurance on the part of the government or the public? Or is it that the government thinks that insurance commissions are too high? These are vital questions

over which we should ponder and an earnest effort should be made to have them answered at insurance conventions and conferences."

Mr. Pownall expressed fear that this attitude regarding agents may prevail after the war. In stressing the important part the local agent takes in the economic life of the community, Mr. Pownall said that the companies will stand up for their agents and help fight their battle. However, if it becomes a matter of self-preservation and should the companies "see the agency system crumbling away rapidly due to the faults of its own or pressure of the powers in rule due to the rapidly changing systems of the day, they too might not wish to remain agency minded."

In commenting upon the excess commission abuses, Mr. Pownall said these problems can best be solved and settled between companies and agents. He criticized the competitive conditions under which the non-policy writing agent gets the same commission paid the policy writing agent.

Mr. Pownall advocated a plan of allocating government coverage to all companies on the basis of taxes paid with

commissions going to agents' associations to finance public relations work. A strong agents' association will help solve many of the irksome problems facing the business, he declared.

Plan to Repeat Course

SAN FRANCISCO—As a result of the large enrollment in the study course being conducted by the Fire Underwriters Association of the Pacific and the Fire Underwriters Forum, it is planned to repeat the course next month, and if additional interest develops to hold monthly classes during the war emergency.

The course, which consists of six study periods, is being held three mornings a week from 10 to 11 a.m. Speakers include: John T. Breckon, assistant director B.D.O.; P. F. Gardiner, superintendent metropolitan department Norwich Union; Thomas E. Green, city special agent Hartford Fire; Frank Brady, assistant chief underwriter Fireman's Fund, and R. B. Masters, chief underwriter Security, with one session devoted to a trip to the offices of the Pacific Board, the National Board and the Underwriters Laboratories.

Rules and Rates Changed by the Washington Bureau

Rules and rates changes by the Washington Surveying & Rating Bureau include increase in the "binding premium" from \$10 to \$20 and single loss liability from \$50,000 to \$100,000 on automatic open binder cover for banks and trust companies in their capacities as fiduciaries. Common carriers liability coverage now provides that insurance shall be limited to a specific warehouse, blanket insurance being prohibited. Errors and omissions insurance under a new mandatory form for mortgagees carries a minimum premium of \$100 for annual or term policies, with rates based on specific amounts. Unexpired premiums insurance may now include a provision that losses of not exceeding \$100 in the basic fire policy do not reduce the policy and no loss may therefore be collected under the premiums insurance.

Provisional reporting policy rules are extended to permit computation of renewal deposit premiums based on 10 months' values when the computation is made in advance of expiration and only 10 statements are available. Most important among the changes is inclusion in the business interruption (U. & O.) tariff of a formula for determining tariff rates applying to manufacturing risks. Formerly all such U. & O. rates had to be established upon application to the bureau and were published thereafter. The bureau still requires special rating of U. & O. on risks having two or more interdependent manufacturing units, whether or not on the same premises; and risks covering raw stock obtainable only during certain seasons of the year, or if for any reason not obtainable in the open market, such as strawboard factories, cotton, linseed and/or bean oil plants, etc.

Three Series of Regional Meetings in California

SAN FRANCISCO—To prepare members to meet present day problems more effectually and to discuss problems which will arise in the post-war era, a series of regional meetings is to be held by the California Association of Insurance Agents.

The state is divided into three sections, with one official of the association in charge of each. Ralph Bach of San Diego, vice-president, will be in charge of the meetings in central California, commencing in Bakersfield at noon, Aug. 30. Other meetings at which Mr. Bach will preside will be: Tulare (night), Aug. 30; Fresno (noon) and Merced (night), Aug. 31; Modesto, Sept. 1; San Jose (noon) and closing at Salinas (night) Sept. 2.

Meetings in northern California will open at Chico Sept. 9, with H. H. Hen-

dren, immediate past president and now state national director, in charge. Meetings in this section will be held at Napa Sept. 13 and at Stockton and Sacramento on dates to be announced.

President G. W. Carpenter will be in charge of meetings in the southern section, commencing in Los Angeles the night of Sept. 13. Other meetings will be held at Santa Ana (noon) and San Bernardino (night), Sept. 14, and San Diego (night), Sept. 15.

Representatives of the field men's organizations of northern and southern California will appear as speakers at the various meetings. John T. Breckon, assistant director of the B.D.O., who serves as coordinator between the fieldmen and the agents in their sales promotion program, will also speak, outlining the programs available to local associations through cooperation with the field men.

Oregon Rating Bureau Announces Changes in Rules

PORTLAND, ORE.—The Oregon Insurance Rating Bureau has announced revisions in rules permitting the attachment, without charge, of standard forms bureau form No. 570-W, the so-called "Broad Form War Emergency Endorsement for Time Element Forms" to policies of the class written effective prior to March 30, 1943. Policies written subsequent to that date require the limited form endorsement, form No. 570-M or for a 100% increase in rate may take the broad form endorsement granting the much-discussed "priorities" coverage. A new "Errors and Omissions Form for Mortgagees" is provided, with rules and rates therefore.

Following the changes of a similar nature being made elsewhere in the coast territories, the Oregon bureau now permits attachment to any fire policy of an endorsement automatically reinstating without additional cost any loss of not more than \$100 paid under the policy. The endorsement simply recites that the policy amount shall not be reduced by such loss payment. Standard Forms Bureau Form 430 is now recommended for use in writing unexpired premiums insurance, and a recommended clause provided for use of agents when including a floater item in a provisional reporting form. The business interruption section of rules has been amended to specify a new clause for use when covering off-premises power, and a revised endorsement for use when covering combined manufacturing and mercantile operations.

Arizona May Not Have Meeting

The Arizona Association of Insurance Agents has not decided as yet whether it will hold an annual meeting this year or not. The membership is being polled as to its wishes. E. H. Bringham of Phoenix, president and Ernie Suggs of that city, the secretary, have been in conference. It seems likely however that instead of a general meeting there will be a meeting of executive committee in Tucson in October and the officers will invite all agents to attend if they desire. The Arizona association has reached 100% of its quota for the public relations fund of the national body.

No Wyoming Convention

The Wyoming Association of Insurance Agents has decided not to hold a state convention this year. It is believed that a directors' meeting will be held before the first of the year. Horace A. Lewis, Kemmerer, is president.

Oregon Directory Published

PORTLAND, ORE.—Commissioner Thompson has compiled and published an insurance agents directory of Oregon, as of May 10, 1943, and copies are available without charge to accredited

interests. The directory lists separately by cities and towns the agents for fire, automobile (fire), marine, life and miscellaneous companies and the companies represented by each. It also contains fire insurance companies and their Portland agents; a list of licensed adjusters, non-resident brokers, and holders of surplus line licenses.

Decrease in Cal. Licenses

SAN FRANCISCO—About 2,000 fewer agents, solicitors and brokers licenses have been issued by the California department in the renewal period just concluded than last year. The greatest percentage of decrease was in the fire casualty agents' licenses, 14,837 against 15,892. The total this year is 25,157.

The decrease is attributable to the many producers who are now in service, in defense industries or other war activities.

Stevens Probes Salt Lake Fire

SALT LAKE CITY—Jay W. Stevens, San Francisco, chief of the fire prevention bureau of the National Board, has completed his probe, requested by Mayor Jenkins, of the Victory theater fire which caused the death of three firemen, through the collapse of a balcony, and in a report to the city commissioner cleared former Chief Hanson of any "negligence," "carelessness" or "inefficiency" in handling the fire. The commissioners, however, voted to stand by their decision to oust Chief Hanson.

Aitken Tells of Army Life

A vivid description of army life, drawn from 10 months service prior to his honorable discharge, was given by Robert S. Aitken, special agent of Home, at a luncheon meeting of the

Spokane Insurance Association. He spent most of the time while in service at Fort Knox, Ky. He is now back at his old field post.

Keel to San Luis Obispo

L. F. Keel has been promoted to adjuster-in-charge at San Luis Obispo, Cal., for the Fire Companies Adjustment Bureau.

Mr. Keel has been with the organization since 1937 at Reno, Nev. He succeeds R. H. Crellin, who is being transferred to Los Angeles.

Phoenix Agents May Organize

Many of the leading agents of Phoenix, Ariz., are considering the organization of a local board. Tucson has such an organization and finds it well worth while. Local boards stimulate interest in the state body.

Name Wash. Meeting Committees

Leon G. Greene, president of the Spokane Insurance Association, has been appointed chairman of the nominating committee for the annual meeting of the Washington Association of Insurance Agents Aug. 27 in Seattle.

Other committee chairmen are: Resolutions, William Gasser, Seattle; credentials, O. N. Waltz, Yakima.

NEWS BRIEFS

A. F. Reeves, local agent at Montrose, Colo., will celebrate his 85th birthday Sept. 26. He has been in the insurance business in Montrose 54 years, and is still active.

E. F. Williams, adjuster in the Los Angeles office of Home of New York, has resigned to go with the claims department of the Western Forwarding Co. in Los Angeles.

EASTERN STATES ACTIVITIES

R. D. Watts' Address on Agency Licenses

R. D. Watts of Beckley, W. Va., former president West Virginia Association of Insurance Agents, in his talk at the annual meeting discussing agency appointments was made to say with reference to the licensing of automobile dealers: "The insurance department has announced that it would reject applications of automobile dealers under section 1, article 7, chapter 32, which states that the commissioner shall not issue a license to any person he finds not trustworthy or competent." In order to clear up what Mr. Watts said, his statement was as follows:

"In discussing the licensing of these automobile dealers it was pointed out to (not by) the deputy insurance commissioner that his department should reject the applications on the basis of Section 1, Article 7, Chapter 32, which provides—etc." Further on he said: "Mr. Justice was most sympathetic, but was firm in his belief that the department had done everything within its power to thwart this insidious method of insurance operations, declaring that in the opinion of attorneys consulted, existing law was not sufficient to stop the practice."

Philadelphia Courses Are Set

The Insurance Society of Philadelphia will repeat for the third successful season, commencing Sept. 21, its training course for agents and brokers.

Completion of this course, which meets all the educational requirements of the Pennsylvania department, enables candidates to sit for the state examinations for licenses in fire and casualty.

The lecturers are drawn from the faculty of the University of Pennsylvania business school and from leaders in the insurance business. Dr. Clyde M. Kahler,

associate professor insurance, will continue as director. A series of 30 lectures will be given, lasting approximately 15 weeks.

Tuition is \$25 for the entire course; \$15 for introductory and fire only; \$15 for introductory and casualty only. An initial payment of \$5 is required when application is filed.

Maine Adopts N.A.I.A. Scale of Countersignature Fees

AUGUSTA, ME.—Commissioner Perkins has ruled that the commission agreement between the National Association of Insurance Agents and the Association of Casualty & Surety Executives shall apply in Maine on casualty and surety business placed by non-resident brokers. This calls for 5% countersigning commission, with a \$1 minimum and a \$50 maximum, with compensation for service in addition to countersignature to be arranged by contract. Direct writing carriers are specifically excepted from the Maine order.

The agreement was modified in the spring of 1942 to eliminate the minimum, but this is still a part of the Maine order.

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MARINE INSURANCE NEWS

Flato's Arrest Reveals Potential Jewelry Losses

NEW YORK—The arrest and indictment of Paul E. Flato, 42, fashionable New York and Hollywood jeweler, may result in one of the biggest jewelry losses in many years. Flato's assets are listed at \$218,848 and liabilities at \$805,662. He carried a \$250,000 jewelers block policy in World Fire & Marine and a \$250,000 London Lloyds certificate. Included in assets are \$30,000 from each policy for the loss of a large combination pendant diamond clip which disappeared mysteriously from his premises March 10. Many expensive jewels left on Flato's premises for repair by their owners will undoubtedly be reported as missing. Over 200 creditors have filed claims and the total may run over \$1,000,000. The indictment specifically charges him with taking jewelry from four companies and one individual. The case is under investigation by the New York district attorney's office and also by the U. S. Department of Justice.

Flato established his business in 1931 and apparently has never been in sound financial shape since, in view of the numerous cases of litigation from that time up to the present. In 1932, he turned over all his merchandise and \$25,000 cash to a group of creditors in return for dismissal of a suit, the cash to be paid over a period of three years.

Flato's present difficulties go back to 1942 when he began a series of involved and complicated loan transactions with Samuel Bierman, an attorney, getting in deeper and deeper water financially from high interest loans made on jewelry owned by himself or his customers. Bierman represented a number of wealthy refugees who smuggled money from Europe to the United States, borrowing the money at 6% and loaning it to Flato at 2% per month.

Flato came to New York in 1919 from Texas after attending the University of Texas. He attended Columbia University, returning briefly to Texas in 1921. He was employed by several firms, going into business in 1924 with a fellow employee. He opened his own firm in 1931, his jewelry creations achieving popularity with people prominent in society, stage, screen and political life, many of whom may stand to lose substantial sums unless insured. Among his clients were Nelson A. Rockefeller, Ginger Rogers, James V. Forrestal, undersecretary of the treasury, Gloria Vanderbilt DeCicco, Mrs. Joseph E. Davies, Constance Bennett, and Brenda Frazier Kelly.

Investigation for the companies was carried out by Insurance Claims Intelligence, 45 John street, Walter S. Tobias, supervising investigator, formerly with the Treasury department and the Department of Justice.

Flato is now at liberty under \$7,500 bail.

A. C. Charles Traces Genesis of the Floater Form

A. C. Charles, prominent legislative representative of the marine insurance interests, presented a paper on "Historical Background and Definition of Inland Marine Insurance," at the meeting of the fire insurance law round table of the American Bar Association in Chicago.

Mr. Charles observed that the marine floater policy principle is of considerable age, and the application of it to the in-

surance of some new item of personal property, such as radium, is not an invention but an adaptation of an existing type of policy.

With the adoption of the rule that passenger's effects are exempt from contribution to general average and the decision that the marine policies on cargoes do not cover the merchant's effects on the same vessel, the floater policy came into being. Merchants requested insurance on their personal effects and it was provided for them.

Floater Comes Ashore

When the floater type of marine policy came ashore it was written exclusively by marine insurers in the United States. Since it was no longer ocean borne and the annual statement blanks required by insurance departments provided for ocean marine and inland navigation and transportation, it went into the latter category, although it might well have been amended to have provided for floaters.

The development of floater policies has been gradual and persistent. For example, an assured wishing furs covered by insurance had them included by rider in a jewelry policy. When the demand for fur insurance became sufficiently great, a separate form of policy covering furs was prepared. There is now a large number of more or less standardized forms of floater policies. Nevertheless, they are the same old marine personal property floater that came into existence to meet the demands of trade for the insurance of passenger's effects and master's effects.

The marine personal property floater may be defined as a policy insuring movable personal property in accordance with the legitimate requirements of the assured.

Legitimate Requirements

In discussing the question of what constitutes the legitimate requirements of the assured, Mr. Charles traced the steps, commencing in 1922, that led up to the adoption of the nation-wide definition and interpretation of the insuring powers of marine and transportation underwriters. He pointed out that the

Marked War Risk Rate Cuts from High-Point Encouraging

Current war risk rates have been reduced from 6% to 58% of their wartime highs, according to a comparison compiled by Edward R. Hughes & Co., New York City average adjusters. In addition to the announcement that 90 Axis submarines had been sunk in three months, the fact that insurers have been cutting their rates drastically in the last eight months points to a decided im-

provement in the shipping situation, the Hughes bulletin points out. American commercial rates have been reduced approximately two-thirds on U. S. Atlantic and gulf voyages while rates in the Canal Zone and the north coast of South America areas are less than 17% of the war-high. The complete table prepared by Mr. Hughes showing these comparisons is:

VOYAGES TO/FROM	AMERICAN COMMERCIAL RATES		WAR SHIPPING ADMINISTRATION RATES	
	CURRENT (Effective 8-12-43)	WAR-HIGH	EXPORTS CURRENT (Effective 8-12-43)	IMPORTS CURRENT (Effective 8-12-43)
U. S. ATLANTIC/GULF				
West Africa not south of Lobito (excluding Tangier) Canary and Cape Verde Islands	8.25%	25%	8.25%*	8.25%*
West Africa South of Lobito, also South Africa and East Africa South of Gulf of Aden via Cape	8.25%	25%	8.25%	8.25%
Eastern Ports Via Cape or Trans-Pacific (A)	10.25%	30%	10.25%	10.25%
India via Cape or Trans-Pacific (B)	7.25-6.25%§	25%	6%	6%
Australia via Trans-Pacific and Panama Canal				
CANAL ZONE				
U. S. Atlantic	2.5%	15%	2.5%	2.5%
U. S. Gulf	2%	15%	2%	2%
NORTH COAST S.A., NOT BEYOND TRINIDAD				
U. S. Atlantic	2.5%	15%	2.5%	2.5%
U. S. Gulf	2%	15%	2%	2%
U. S. Pacific via Panama	2%	15%	2%	2%
NORTH COAST S.A., NOT BEYOND PARAMARIBO				
U. S. Atlantic	3.5%†	15%	3.5%	3.5%†
U. S. Gulf	3%†	15%	3%	3%†
U. S. Pacific via Panama	2.5%†	15%	2.5%	2.5%†
EAST COAST S.A., BEYOND PARAMARIBO				
U. S. Atlantic	5%**	25%	5%**	5%
U. S. Gulf	5%**	25%	5%**	5%
U. S. Pacific via Panama	5%**	25%	5%**	5%
WEST COAST S.A.				
U. S. Atlantic	2.5%	15%	2.5%	2.5%
U. S. Gulf	2%	15%	2%	2%
U. S. Pacific	1%	6%	1%	1%
Canal Zone	5%	3%	Not Quoted	Not Quoted
U. K. Irish Free State-Northern Ireland	6.11-7.5%	10%	"	"
India via Cape or Trans-Pacific (B)	10%	30%	"	"
Eastern Ports via Cape or Trans-Pacific (A)	8%	25%	"	"
East Coast S.A. via Magellan not North of River Plate	1.5%	7%	"	"
North of River Plate but not North of Rio de Janeiro	2%	13%	"	"
North of Rio de Janeiro but not beyond Pernambuco	4%	13%	"	"
North of Pernambuco but not beyond Paramaribo	5%	13%	"	"

All Rates pertain to voyages by ocean going self propelled vessels.
 (A) East of Gulf of Aden but not East of Cape Comorin.
 (B) East of Cape Comorin but not East of Calcutta also Ceylon.
 § West Africa not North of Bathurst nor South of Lobito.
 † Beyond Orinoco River but not beyond Cayenne.
 ** Not East of Southampton.
 * Shipments beyond Cayenne.



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